PRINCIPLED AGENTS IN AN AGENCY UNDER SIEGE:
U.S.A.I.D. AND ITS MISSION IN TANZANIA

By

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This dissertation examines policy change in the U.S. Agency for
International Development (AID) using its mission in Tanzania as a case.
It has two sets of findings. First, it finds that ideological conflict
between conservative realists who view foreign aid as an instrument of
the national interest and liberal altruists who believe that foreign aid
should be given as philanthropy plays a crucial role in shaping AID
policy changes. It finds that the conservative realists dominate the
decisions that quantify aid programs in terms of funding and personnel.
The influence of liberal altruists is limited to issues of program
design and implementation.

Second, the dissertation tests two rival hypotheses. First, it
tests whether the behavior of AID in Tanzania from 1961-1995 can be
explained by the choice-oriented principal-agent model. Second, it
investigates whether the behavior of the agency is better explained by
the strong-culture model of "principled agents." The dissertation finds
in favor of the second hypothesis.

Legislation was introduced in Congress in the summer of 1995 to abolish the U.S. Agency for International Development (AID). This action by Congress helped trigger the 1995-1996 budget impasse. The termination of a federal agency is a rare event. This study will explore the reasons why AID was singled out for this special treatment.

AID has long been an unpopular agency. The American public's dislike of foreign aid giving has led to political conflict about AID at various levels: between the agency and political officials, within the agency between headquarters and the field, within individual divisions, units, and missions, and even within individual employees, who reported in interviews conducted for this study often being torn between the necessity of following orders and their personal desire to do some good in the world.

I will argue that there are essentially two ideological "camps" within AID and the foreign policy community. Liberal altruists believe that U.S. foreign aid should be given in a spirit of philanthropy for humanitarian purposes. Conservative realists believe that foreign aid is a tool in the diplomatic negotiations kit to be used to promote the national interest. Some conservatives believe that now that the Cold War is over AID has served its purpose and can safely be abolished. Some liberals feel that AID's thirty five-year-old structure is outdated and in need of a substantial overhaul.

I shall argue that foreign aid policy is made in two "rooms," a front room where the ostensible intentions of foreign aid are on view and a back room out of the public eye where a different agenda is

pursued. Conservative realists for whom defense of the national interest is always the paramount concern dominate the back room where the decisions regarding the establishment of an aid program and the level of funding are made. It is they who draw the broad outlines of foreign aid policy.

Liberal altruists, on the other hand, who historically have opposed U.S. support for authoritarian oligarchies and have generally favored "capitalism with a conscience" predominate in the front room. After the conservatives have decided to establish a program and the level of aid to be provided to a country, the liberals are given the less important task of coloring in the details of specific programs. [1]

In the following chapters I will document the different contradictions and conflicts that have shaped AID policy over the years using the mission in Tanzania as a case. I shall describe AID as existing in two distinct spheres, or environments, with the agency itself comprising a third. AID functions in a political environment in Washington and a task environment overseas. I will show how the great distance between its input and output functions causes organizational complications.

I shall argue that policy is a reflection of ideology. Bureaucratic culture, or AID's internal environment, can be thought of as institutionalized ideology. Some or all of the ideology is internalized by employees through rules and procedures.

AID has since its inception undergone eight major changes in policy, of which two amounted to shifts in the dominant paradigm. I define a paradigm shift to mean a complete change in how the issues are framed and the way problems are approached. I shall analyze the eight

policy changes and argue that for a policy change to represent a paradigm shift, two factors must be present: very high political pressure from Washington and very low confidence in ongoing programs in the field.

I shall demonstrate that AID's task environment is characterized by an unusually high degree of uncertainty. Furthermore, AID's political environment is likewise a highly uncertain place because AID is an exceptionally unpopular agency. I shall argue that AID's perceived dysfunctional or irrational behavior is largely a consequence of conflict due to environmental uncertainty. I shall argue that today AID is poised on a knife edge from which it inevitably must fall. It will either survive and undergo a paradigm shift or it will cease to exist. AID is the sixth in a series of foreign aid agencies. In the following analysis I shall show why AID has endured where none of its forerunners did, and offer a prediction that it will survive the latest attempt on its life.

For years AID has been accused by the enemies of foreign aid of being internally dysfunctional, an organization in which the animals have escaped from their cages and taken over the laboratory. I will argue that much of AID's evident dysfunctionality is due to political meddling. I will offer evidence that AID, far from being a corrupt agency, is a very rare example of a government bureaucracy with a strong culture of principled agents.

Much of the epistemological debate in the social sciences is occupied with trying, with notably poor success, to harmonize or integrate the social antinomies of macro and micro, aggregate and individual, and structure and agency. Social scientists who have attempted to move back and forth between these antinomies, especially graduate students just learning how to "drive," are accused of committing the ecological fallacy of using data from one level of

analysis to refer to another. I shall argue there is a conceptual construct, which I shall call "structuration through nested games," that can close the great divide and capture the interaction between macro and micro, aggregate and individual, and structure and agency.

Much of AID's behavior is a function of the conflict between the competing propensities of realism and altruism. Realism refers to the conservative point of view in foreign policy circles that states are rational, sensate entities in a conflictual world who act cynically and aggressively to protect their territorial and political integrity and to conserve and expand their share of power in the international system (Krasner 1985: 28). Altruism refers to the liberal viewpoint in foreign policy circles that humanitarian and egalitarian principles are important. Like conservative realists, liberal altruists are well aware of the historic proclivity of states to resort to war to resolve economic problems. They too wish to protect the U.S. and its allies. They too subscribe to the basic tenets of Lockean representative democracy and regulated capitalism. They are more open to ambiguity than the realists, and prefer thinking of the development effort as one of fostering a world community by spreading the good news of democracy, not just reacting in reactionary self-defense. They support efforts to establish a just international order in which all states have a chance to do well (Lumsdaine 1993).

The analogue to realism at the individual level of analysis is the rational choice model of human behavior. Choice theories assume that the individual is a self-interested, rational actor. Individuals relate means to ends as efficiently as possible. What ends should be sought are not specified; choice theories speak to effort, not to outcome (Rogowski 1978). It is therefore possible for rational actions to have irrational results. Choice theories understand that the public good

requires a bit of irrationality from everyone.[2] The analogue to altruism at the individual level of analysis is the cultural models of human behavior. Culture theories see the orientation of the individual not as the product of utilitarian calculus, but as shaped by socialization (Eckstein 1988).

I shall concentrate on the one choice theory which has begun to grow quite popular with both economists and political scientists: principal-agent theory. The theory originated in studies of the firm by economists concerned mainly with issues of efficiency. Political scientists later adapted it to their concerns with issues of power. The key to the theory is the concept of information asymmetry. All paired relationships are dominated by the party who controls the information. Information asymmetry provides a parsimonious explanation of how self-interested persons in the lower echelons of an organization—where the most critical information is generated—are able to use their control of that information to frustrate hierarchical authority for their own gain.

In reconstructing the history of the U.S. foreign aid program, I will show that the Carnegie Corporation and the Ford and Rockefeller foundations were significant contributors to the architecture of the U.S. foreign aid program. The foundations were created at a point in time when socialist ideology was gaining ground. They were created to support research to find ways of achieving two objectives: (1) to secure access to cheap raw materials and to protect investments overseas, and (2) to mold docile labor forces at home and abroad. When some twenty years later the U.S. government decided that it was in the American

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[2]. Choice theories can interpret bad social outcomes as the consequence of individual rational decision making. For example, "the squalor of . . . Calcutta is a reflection of the rationality of its inhabitants." All residents prefer their city to be clean. One person littering does not make the city dirty. Each individual prefers to litter rather than go looking for a litter bin. It is rational to litter. Thus, rational action causes squalor (Basu 1984: 7).

national interest to resist the spread of Communism and created a foreign aid program to eliminate the conditions which made Communism appealing, policy makers turned to the foundations to provide the new foreign aid program with a rationale. I will consider three main bodies of development theory, four major tactics that have been used to induce development, and three broad ideological perspectives on foreign aid that have influenced AID during its thirty-five years of existence.

Indicator of Change

How should the magnitude of change be measured? I will use money as an indicator of change in AID behavior from 1961-1995.

AID oversees three broad types of assistance: (1) development and relief aid disbursed as both grants and loans; (2) food aid under Public Law 480 (P.L. 480), which distributes surplus agricultural produce either in kind as humanitarian relief or by selling it to generate local currency counterpart funds to use in projects; and (3) Economic Support Funds (ESF), which are grants given at the discretion of the President. ESF and military assistance account for nearly half of all American foreign aid and go preponderantly to two countries: Israel and Egypt (Zimmerman 1993). I consider only ESF and development grants and loans to Tanzania that were obligated for specific projects. I do not consider P.L. 480 programs or nonproject spending.

I have selected for my indicator of change the amount of new spending obligations for aid to Tanzania in constant dollars over time.[3] I have selected money obligated rather than money spent for two reasons. First, quantifying streams of aid year by year is difficult (Wood 1986). Total aid flows consist of myriad forms of inter-government transfers involving everything from food to commodities to cash. The big

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[3].   Funds have been converted to constant 1987 dollars using the index in the 1994 Economic Report of the President (Washington DC: U.S. Government Printing Office).

agriculture projects launched by AID in Tanzania in the late 1960s and throughout the 1970s, for example, lasted up to ten years. Due to contingencies, or problems encountered in implementation, the amount actually disbursed for a given project in a given year often differed, sometimes substantially, from the amount planned for that year.

Second, when an AID project is authorized, it literally takes on a life of its own. The acronym LOP, which appears in every AID project planning document, is significant; it stands for "life of project." The life of each AID project is carefully mapped out. A date is set for its end. What activities the project shall engage in during its lifetime are specified, and schedules, critical paths, and budgets are set. Because of the inflexibility of this form of planning, when an AID project comes to life, it is very difficult to change what it is doing and very nearly impossible to kill. That is why the date of each project's death is carefully fixed at its inception.

It takes time to design and staff a project. Furthermore, once they come on line, projects lock in streams of spending. The amounts of money spent in Tanzania never changed drastically from year to year. Net receipts disbursed is therefore less an indicator of changes in strategy than an indicator of changes in the costs of implementation. The effect of a decision to increase or reduce aid is always lagged. Changes in AID's strategic behavior in Tanzania are better reflected in the amount of new spending obligated per year.

Sectors of Activity

I consider the 90 largest projects launched from 1961-1995, and attribute the full cost of each project to the year it was approved. I have apportioned new spending obligations by sectoral activity to best reflect what AID was concentrating on in Tanzania in a given year. I

break activities down into five sectors: (1) agriculture, including research, food production, and marketing; (2) social services, including public education, rural water projects, and public health; (3) infrastructure, including support for light industry, the construction of highways and buildings, and the renovation of urban water systems; (4) public administration, including the provision of Western personnel to fill the "manpower gap" and the training of government officials and Tanzanian project personnel; and (5) finance, including rural credit schemes, technical assistance to central banking, and direct cash transfers for balance of payment support.

In projects that were active in several sectors at once, I have apportioned the total amount obligated for a project to different sectors according to an estimate based either on the thumbnail sketch of each project contained in AID's in-house 1985 history of the Mission, or in the individual project papers. For example, project 621-0066, Public Administration Planning, which cost $53,000 in constant dollars and lasted from 1965-67, is attributed to one year, 1965, and is apportioned in its entirety to one sector, public administration, because its sole purpose was to send five leaders of the United Women of Tanzania to America to observe Republican and Democratic Ladies' auxiliary activities. On the other hand, project 621-0085, Rural Credit Union Development, costing $708,000 in constant dollars and lasting from 1968-74, is attributed to 1968 and is apportioned in thirds to the finance, agriculture, and public administration sectors because the project supported activities in all three sectors more or less equally.

Plan of the Dissertation

Chapters 1 through 6 constitute the big picture, AID in its context. Chapters 7 through 10 provide a look inside AID, a portrait of the individual, or more precisely, an examination of the attitudes of

the development worker. The reader who is interested only in my application of the principal-agent model to the case of AID and does not wish to be burdened with the account of its history and its contextual details may safely skip to Chapter 7.

In the first six chapters I describe the theoretical, institutional and historical context of AID. In the final four chapters I descend levels of analysis and pit the rational choice principal-agent model against the cultural model of the strong organization to see which better explains the attitudes I found in thirty interviews conducted in Dar es Salaam, Nairobi, and Washington in 1994-1995. I next discuss the advantages and constraints of the case study research method, then I present my findings, conduct the analysis, and draw my conclusions.

In the following chapter, I discuss different intellectual influences on AID. I review theories of economic and political development and of development administration, and present evidence that in the field of international development, most years, practice preceded theory, in some instances by as much as forty years in time. I discuss four different tactical approaches to development used over the course of four decades, and show that the last three were simply reformulations of elements of the first.

The overarching framework of this study is the conflict between rival ideologies. I present three contending critical perspectives on the entire foreign aid project, reject one as inapplicable, and combine the other two to create a dialectic to interpret AID's behavior in Tanzania as the product of two competing propensities: realism and altruism. The conflict between these propensities occurs at both the institutional and the individual level of analysis.

In Chapter 3, I discuss AID's institutional context. I examine the political and task environments of the agency and assess the

influence of each. I analyze AID's internal culture to see if it is better described as a conservative or an innovative agency.

In Chapters 4, 5 and 6, I present the evolution of the American foreign aid program from 1944-1960 and the subsequent thirty-five year history of the Mission in Tanzania in three time periods. The time periods are separated by two significant political events in America, the major reform of AID's authorizing legislation in 1973, and the election of Ronald Reagan in 1980.

Beginning with Chapter 7 I descend levels of analysis to the individual. I present the hypothesis that the principal-agent model can explain the behavior of the people in the AID mission in Tanzania and its headquarters in Washington. Principal-agent theory predicts organizational dysfunction. As such, it is appropriate to a study of AID because the agency has long been accused of suffering from a host of bureaucratic pathologies.

I present a rival hypothesis that AID's behavior at the level of the individual is better explained by a very different model. I hypothesize that AID has created a strong culture of principled agents.[4]

In Chapter 7, I review the principal-agent literature and the literature on cultural theories of behavior.

In Chapter 8, I discuss the case study method. I contrast the logic and generalizability of case studies with those that use statistical methods.

In Chapter 9, I present my findings. I analyze three linkages relevant to AID using principal-agent and strong-culture theory. These are (1) the link between the political environment and the agency; (2) the link within the agency between headquarters and the field; and (3) the link between the agency and its task environment. In addition, I examine the influence of feedback from the task environment to the

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[4]. The term "principled agents" is from DiIulio (1994).

political environment over time. In Chapter 10 I present my conclusions.

CHAPTER 2
THEORETICAL CONTEXT

In its thirty-five years of existence, AID has come under a number
of intellectual influences, some theoretical, some practical, some
ideological. In this chapter, I discuss three main bodies of
development theory, four major tactics that have been used to induce
development, and three broad ideological perspectives on foreign aid
that have influenced AID over the years. In each of these discussions I
will indicate the influence conflict has had on AID's behavior in
Tanzania.

Theories, Tactics, and Ideologies

When the United States launched the world's first foreign aid
program in 1948, no country had ever transferred wealth to another in
time of peace without expecting something in return. This was no
exception. Although aid was distributed for ostensibly philanthropic
purposes such as increasing agricultural production and improving public
health, its deeper purpose was threefold: to resist the spread of
Communism, to secure U.S. access to raw materials, and to protect
private American overseas investments. From the outset there was a
conflict between ostensible purposes and hidden agendas. In making the
decision to establish a foreign aid program, the Truman administration
had to answer two questions to the American people. The first was why
foreign aid should be given at all. When this was answered by linking
the policy to issues of national security, a second question had to be
addressed: how and to what ends should aid be given?

Answering the first question involved the making of a policy.
Answering the second involved its implementation. Once the policy was
made, a theory of development to guide practice was wanted.
Unfortunately, there was not yet a precise theoretical statement of the
process of economic development. Theories of economic development took
form _after_ the American foreign aid program had already gone into
operation. The officials of the first U.S. aid agencies, AID's
forerunners, went out into the world to do a job with no paradigm to
guide their conduct. This would be a regular occurrence. In the field
of international development, practice generally has preceded theory;
the cart has usually been out in front of the horse.

Theories of Economic Development

The whole foreign aid endeavor was begun, as I will detail in
Chapter 4, in the interest of preventing another world war. The U.S.
foreign aid program was predicated on a single, fundamental assumption,
justified by Walrasian theory of general equilibrium, that free trade
would be a boon to all. By asserting that excess demand in one area is
always matched by excess supply in some other, and thus sums to zero
(Turnovsky 1977), the Swiss economist Leon Walras showed at the turn of
the century how, if all the conditions of perfect competition (such as
free entry and exit, perfect and instantaneous information, and no
externalities) were simultaneously met everywhere in the world, trade
would move to a Pareto-optimal equilibrium where all countries would
benefit at equal proportion (Riddell 1987).

Officials of the U.S. foreign aid program knew at the outset that
all the conditions of perfect competition could not possibly be met
everywhere simultaneously for some time to come, if at all. In the
interest of preventing another world war, it was therefore necessary for
them to proceed under the assumption that partial free trade was better

than none, and to accept that the U.S. would have to bear the costs of conducting the experiment to find out if this was true.

The field of development economics, though as old as economics itself, had lost status during the 19th century, and was practiced at the periphery until P. N. Rosenstein-Rodan (1943) considered the problem of industrialization in Eastern Europe, and ten years later R. Nurkse (1953) considered the problem of capital formation in underdeveloped countries. From these two works emerged the terms "vicious circle of poverty" and "the poverty trap" and the concept of a non Pareto-optimal equilibrium state of underdevelopment.

Walt Rostow (1952) began to develop what would become his stage theory of economic growth at this time. In his first formulation, Rostow posited three stages of development, a long evolutionary period during which crucial social preconditions were achieved, a brief "take-off" period, and then a long period of sustained economic growth.

Arthur Lewis (1954, 1958) became the second in the series of economists who would try to theorize a process of economic development. Lewis more than any other contributor "put development economics on the map" (Basu 1984). He found the key to explaining poverty in the concept of the dual economy, or economies characterized by a large agricultural sector and a small industrial sector. By assuming that there was an excess of labor in the agricultural sector and that the industrial sector invested its full profits, Lewis was able to show that ever rising investment would cause the urban marginal product of labor to rise, gradually drawing all excess labor from the agricultural sector to industry, and causing the economy to grow. The reason this was not happening, in Lewis' view, lay in the interface between economics and politics. Plantation owners did not want to lose cheap, abundant labor, "and if they are influential in government, they will not be found using their facilities for agricultural extension" (Lewis 1954: 149).

The next step in the rebirth of development economics was the most important: the dynamic growth model. It would become the backbone of the early American foreign aid program. The theory was developed independently by two British economists who were attempting to repair a hole in Keynesian theory. Keynes' short-run aggregate demand model of economic growth was two decades old by 1957. The major complaint with Keynesianism was that it was static; it did not show how economic growth occurred when there was no government intervention (Riddell 1987). Working separately and using different mathematical methods, Evsey Domar and R.F. Harrod showed how the insertion of "properly utilized" new investment in an economy would increase output (Harrod 1959).

Walt Rostow and Max Millikan, formerly of the CIA, promptly adapted the Domar-Harrod dynamic growth model to the foreign aid paradigm by proclaiming that foreign aid was a form of investment (Millikan and Rostow 1957). The next contribution came from Albert Hirschman (1959). He accepted Lewis' assumption that industry was the leading sector of development, and theorized that growth in industry would create "ripple effects" that would spread through the economy and boost demand for products from other sectors.

In 1960 Rostow published a "noncommunist manifesto" further developing his theory of linear stages of growth. He increased the number of stages from three to five and proposed an end state of mass consumerism. There were three conditions for take-off. There had to be an increase in the rate of net investment, a high rate of growth in at least one manufacturing sector, and a favorable institutional environment to spread the effects (Rostow 1971).

The concept of human capital began to gain currency at this time, following Theodore Schultz's presidential address at the 1960 meeting of the American Economic Association (Berman 1983: 109). The importance to economic development of investment in human capital was quickly

perceived, and education and training would become major components of nearly every U.S. foreign aid project.

Simon Kuznets (1966) examined the short term effects of economic change at the initial stages of development. It was already known that in the first years of growth in developing countries, profits tended to accrue mainly to the upper classes. Kuznets postulated that over time, wealth would "trickle down" and raise the income levels of the poor.

That same year two economists at the World Bank, Hollis Chenery and Alan Stroudt, expanded the emerging paradigm even further by theorizing that developing countries would suffer predictable "gaps" at different stages in their development. Specifically, at first they would face shortages of skills and savings that would limit their growth in investment. When these gaps were filled, they would then face shortages of foreign exchange that would limit their growth in trade (Chenery and Stroudt 1966).

The recommendations that emerged from the body of economic development theory all, either explicitly or implicitly, gave the state an enormous role to play in the "big push." No matter the metaphor, whether to break the poverty circle, escape from the poverty trap, get to the take-off stage, equalize the dual economy, initiate the ripple effect, invest in human capital, stave off unrest while waiting for wealth to trickle down, or fill the resource gaps, a strong state was needed. The problem was that the economists did not consider what the strong state should be like politically. In ignoring the political variables, they failed to account for what it is that makes a state strong.

The leaders in the underdeveloped countries eagerly agreed to the foreign experts' recommendations for a strong state. Selfless patriotism was, alas, proving to be a rare commodity in the developing areas, and many among the first generation of leaders in the emerging

nations quickly acquired a taste for power and its trappings. With tragic frequency they converted their governments to single party states and built cults of personality to sandbag themselves in power. Left- and right-wing authoritarianism became the norm in the Third World. This development had negative consequences for state strength.

However, while happy to accept the foreign experts' advice to build strong states, these same leaders generally did not accept their recommendation for export-led growth. Instead, they opted for the import-substitution industrialization (ISI) strategies that came out of the U.N. Economic Commission on Latin America at this time.

ISI was rooted in the very same ideology of economic nationalism that, as will be seen in Chapter 4, the U.S. foreign aid program was created to destroy. The World Bank and the International Monetary Fund strongly supported free trade and opposed ISI based on David Ricardo's early 19th century theory of comparative advantage. The radical supporters of ISI justified their viewpoint using the Marxist-Leninist analysis of imperialism, the conservatives by using Alexander Hamilton's 18th century argument for the protection of infant industries and Friedrich List's 19th century argument that free trade favored the economically advanced countries, and that protectionism was appropriate for countries endeavoring to catch up. Thus began to emerge the dependency school of political economy. Mancur Olson (1982) later argued that a significant reason why ISI was embraced so eagerly in the Third World was because of vigorous lobbying by the groups in each country who stood to gain the most. The small elite class in the developing countries had an enormous advantage over the poor majority in terms of political access and information and a large personal stake in protectionism (cited in Kudrle 1991: 243).

By the mid-1960s a development paradigm was in place. It was now accepted in U.S. foreign policy circles as theoretically possible to

induce and accelerate development in the Third World through state-led programs aimed at maximizing economic growth. Foreign aid programs were devised to transfer skills through training programs, technology through commodity import schemes, and capital through investment in infrastructure. Ironically, these programs went forward alongside ISI strategies that protected import-substituting infant industries. This represented another contradiction, this time between the foreign aid program's goals of an end state of free trade and the protectionist means to economic growth being practiced by Third World countries.

The American foreign aid program thus went into action as a dysfunctional bundle of contradictions. In the 1940s and '50s its officials did not have a body of theory to follow. Their mission to induce development, combined with ready money and an imperative to move it, called one into existence. They picked up the different bits of the emerging paradigm in the order they presented themselves, tried each one out for a time, then dropped it when the next shiny object caught their eye. In effect, development economics produced a body of theory that AID used as a grab bag of development fads.

Cautions were raised along the way. The dynamic growth model required proper investment. Whether an aid program would have a positive effect would depend upon whether it was productively used (Rosenstein-Rodan 1961). Corruption, wrong policies, or even inefficiency within the aid recipient countries would have a negative effect on development outcomes. Aid planners who prided themselves on their apolitical "objective" perspective blinded themselves to the very factors which would soon cause their programs to fail, particularly in Africa (Sandbrook 1985).

More significantly, a mathematical proof was discovered that contradicted the fundamental assumption about free trade. The theoretical challenge to the general equilibrium was introduced as the

general theory of second best (Lipsey and Lancaster 1956-7). The fact
that the conditions for perfect competition were not being
simultaneously met begged the question whether it was valid to assume
that partial free trade was better than no free trade. What happened
when one of the Pareto conditions was violated? Lipsey and Lancaster
found that when one condition was violated, an optimum solution could be
achieved only by departing from all other conditions. There were two
implications. First, the whole project of installing a global free
trade regime was called into question. Second, in theory, there was no
reason why centrally-planned, autarkic economies could not produce
growth on a par with free market, open economies. Then, as if to
underscore the point, the Soviet Union launched Sputnik. Formerly
backward Russia suddenly had shown that state socialism was a viable
path to accelerated development.

     These cautions aside, foreign aid program proceeded under the twin
assumptions that partial free trade was better than no free trade and
that if the three Rostowian conditions of increased investment, growth
in one manufacturing sector, and strengthened institutions to spread the
effects could be achieved, through such factors as Hirschman's demand-
stimulating ripple effects and Kuznets' trickling down of wealth,
emerging nations could move quickly to achieve the preconditions
necessary for the take-off into growth toward mass consumerism. Foreign
aid was to serve in lieu of private investment to help the strong
developmental state build the necessary institutions and infrastructure
and to fill the inevitable gaps in skills, technology and capital when
they arose. It looked pretty easy at first.

     It did not look that way any longer by 1970. There were problems.
The U.S. and the other donor countries that later took up foreign aid
programs of their own had entered into the aid-giving endeavor with the
idea that foreign assistance was a short-term gap-filling remedy. They

saw their aid as a scarce resource. Unfortunately, the recipient
countries quickly began to see it as a plentiful and permanent
substitute for domestic savings (Tendler 1975). This was another
fundamental conflict.

Worse, gains in production through technological improvement drove
down world prices for primary commodities. Developing countries began
to suffer the effects of deteriorating terms of trade. A group of 77
nonaligned nations formed, and began pressing for multilateral
intervention in the global economy. On May 1, 1974 the U.N. General
Assembly passed a resolution calling for a "new international economic
order" that would improve terms of trade by increasing Third World
control over world economic cycles. The proposal gained the support of
the future Nobel laureate Arthur Lewis (Galtung 1991). Many Third World
governments, including Tanzania, began claiming they were owed foreign
aid as reparations for prior exploitation by the developed countries.
By the mid-1970s, over half of Tanzania's total development budget was
being provided by foreign donors, 85 percent in certain ministries.
There was a serious contradiction between the goal of self-reliance and
reliance on foreign aid.

The import-substitution industrialization strategies that worked
so well in Taiwan and Korea backfired in Tanzania, as they did most
everywhere in Africa. It was known starting out that the ISI strategy
of limiting imports would create shortages in the near term. The state
was expected to address this by rationing. ISI turned into a disaster
in Africa because of the unexpected twin decisions made by nearly all of
its governments to subsidize urban food supplies and to extract revenue
from agricultural producers through marketing boards and price controls.
The countryside was taxed to subsidize an urban standard of living.

Large numbers of African farmers began to exit from the formal
economy to sell their produce on the burgeoning black markets that

sprang up in the wake of ISI rationing policies. Others abandoned commercial farming, either by reverting to subsistence production or by leaving the land altogether. This was urban migration as Lewis had not imagined it. Africa's cities grew out of control while agricultural production declined and the grand industrialization schemes fizzled and turned into white elephants. By the middle of the second United Nations decade of development, Africa was further from the take-off stage and more dependent on food imports and foreign aid than it had been at independence.

Economists were perplexed why so many African leaders seemed so complacent about this disastrous turn of events. The explanation proved to be simple. By creating short-term shortages and giving the state the task of rationing, ISI strategies produced enormous possibilities for political patronage. The result was a collision between economic and political logic. ISI produced economically tragic consequences in Africa that were very useful to political leaders (Bates 1981).

By the 1980s economists were forced to recognize the impact of corrupt authoritarianism on economic performance, and a paradigm shift began. Attention was focussed on policy reform. The initial recommendations were fairly cautious, limited mostly to relaxing farmgate price controls (Timmer 1986) and restrictions on imports and foreign exchange. Over the course of the decade, as Cold War tensions relaxed, the recommendations became more and more austere.

The most significant change was in the prescribed role of the state. By 1980 the donors began to recognize that most African governments were not the stabilizing engine of growth and modernization they had planned on, but had become obstacles to sustainable development. The role of the state in African development, indeed its very size, would have to be reduced. The effort shifted to strategies

to circumvent the state, to reach around it and induce development through private sector initiatives.

A new term came into the development lexicon: governance, "the exercise of political power to manage a nation's affairs" (World Bank 1989: 60). By 1990 the focus of development economists was squarely on political factors. When the Berlin Wall came down and the break up of the Soviet empire began, it was but a short step from eclectic projects to improve governance to a full blown program to install democracy on a global scale.

There thus have been five significant contradictions in the economic domain during the period of this study. (1) Economists called for a strong state to orchestrate development without considering the factors that make a state strong. (2) The foreign aid program was established to promote the goal of global free trade, but it was implemented alongside protectionist ISI strategies. (3) The donors saw their aid as a scarce resource to be given voluntarily, while the recipients saw it as a plentiful resource owed them as a retribution for past exploitation. (4) Recipients, particularly Tanzania, declared their goal was self-reliance, yet they became increasingly dependent on foreign aid. (5) The shortages caused by ISI strategies brought about a collision between economic and political logic. Shortages that represented problems to businessmen and economists were assets to politicians.

Theories of Political Development

While the field of development economics was becoming reinvigorated in the late 1950s, political scientists examined issues of political change and wondered if there was a political equivalent to the stage theory of economic growth. In attempting to answer this question, political science contributed the second half of modernization theory.

The key question facing U.S. foreign aid officials and developing area scholars was whether or not democracy was the endpoint of political development in the sense that mass consumerism was the endpoint of economic growth. If this were answered in the affirmative, then the question would become how to implant Western democratic institutions in the societies emerging from colonialism. America could embark upon the task of creating a liberal world order in its own image and do it, in the view of a 1960 presidential commission, "without egotism because of its deep conviction that such a world order will best fulfill the hopes of mankind" (Berman 1983: 113).

The search for ways to induce democratic development led first to investigations of the causes of democracy in North America and Western Europe. Strong correlations were found between the presence of democracy and factors such as literacy and urbanization. If the political system was a dependent variable, it seemed probable that democracy had socioeconomic requisites (Lipset 1959). Some of these requisites were also, not surprisingly, preconditions for the take-off to mass-consuming capitalism.

From the premise that the endpoint of political development was democracy, the political development paradigm took form in three major contributions under a conduct of inquiry dominated by Gabriel Almond. The first contribution distinguished between traditional and modern political systems and analyzed the different cultural characteristics of each using a structural-functionalist whole-systems approach (Almond and Coleman 1960). The second important contribution argued that political development toward democracy would require structural differentiation, the development of autonomous subsystems, and cultural secularization (Almond and Powell 1966). The biggest contribution was the nine volume Political Development Series, 1963-1978, authored by social scientists and historians under the sponsorship of the Committee on Comparative

Politics of the Social Science Research Council, which received three-quarters of its funding from the Carnegie, Ford and Rockefeller Foundations (Berman 1983: 107). The committee assumed that political variables were as important as economic ones and that economic development could not occur without political development (Almond 1990: 222). The series examined the role of communications, bureaucracy, institutions, culture, political parties, interest groups, and mass attitudes in political development, and reflecting upon the increasing turmoil of the times, suggested political development was shaped by inevitable crises of national identity, state legitimacy, popular participation, state penetration of society, and the equitability of the distribution of goods and services. The key to developing democracy would be in the sequences in which these crises occurred and the skill with which they were managed when they came. With that, political science had its answer to linear stage theory.

It had nothing of the sort. Economic development theory had at its core the Domar-Harrod growth model. Theories of political development had no equivalent dynamic (Huntington 1971). Victims of their own happy history, American social scientists had simply assumed "that all good things go together" (Huntington 1968: 5) and found correlations to show that they did, but could discern no causal order. Political development theory was as teleological as "crude Marxism," presupposing an endpoint and analyzing real world conditions in terms of distance from, or proximity to, the ideal (Kesselman 1974).[1] Far from being a dynamic model of change, it was "a host of propositions and categorical schemes" (Menkhaus 1991). Furthermore, real world events had shown that rapid economic growth could lead as often to political "decay" into coups and military takeovers as to political development

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[1]. Unlike Marxism however, the endpoint was not a utopian Communism never seen before, but the Western experience of democracy and capitalism (Williams 1993).

toward democracy, suggesting that order and stability might be more important to a country's welfare than adherence to democratic forms (Huntington 1968).

Some Third World governments (e.g. Taiwan after the Chinese Revolution, South Korea after the Korean War, and Brazil under the junta) maintained stability through authoritarian means and achieved high rates of growth by practicing protectionism and some degree of central planning. These government did not wish to be politically developed. In fact, the governments of most emerging nations mistrusted the whole idea of political development, and suspected political researchers of being agents of the CIA (Menkhaus 1991).

The result was that political development projects were tried only briefly, and then for four reasons disappeared after the 1960s. (1) The theory was judged inadequate. (2) Political development projects were besmirched by their implementation as part of the U.S. war effort in Vietnam and the involvement of U.S. universities with the CIA. (3) Political development projects proved for the most part to be politically impossible; the proud governments of newly independent countries resented such activities as violations of their national sovereignty. (4) Evidence rapidly accumulated that strong economic growth did not lead automatically to the requisite improved socioeconomic conditions for the masses of people.

Political development did not get onto the agenda until the donors were forced by the failure of their programs to confront the mounting evidence that politics has an important (if unpredictable) effect on economic development. As economists began at last to turn their attention to policy issues, political scientists once more took up political development as a research agenda. A second wave of political development scholarship began in the mid 1980s. It quickly converged

with economic thinking on the issue of governance (Hyden and Bratton 1992).

It seemed possible under this new concept "governance" to weave together the separate strands of political and economic development theory. Political and economic development were now accepted as mutually reinforcing (Pye 1990), with governance as something of an intervening variable between the state and society, the surface along which politics and economics rubbed. In the new paradigm, the role of the state was vastly reduced, and the search for the key to success returned to where it had started in the 1950s, to things internal to societies (Barkan 1994).

By 1990 the underlying "deep" theories of economic and political development had brought the contradiction between individual and collective goods into clear focus (Williams 1993). By the time Bill Clinton was elected president, the success of both political and economic development was understood to be mutually bound, with the solution seen to lie not in the economic but in the human resource base. Sustainable economic development required a proper enabling environment. Such an environment could be had only through political means, through the empowerment of the mass of ordinary people. This meant "change toward greater democracy" (Zimmerman 1993: 32). To get there would demand nothing less than the construction of new self-identities among the people (Williams 1993).

In the domain of politics there were two fundamental contradictions. First, an unforeseen incongruity arose between democratic form and political order; the former did not automatically ensure the latter. Second, the project of political development toward democracy was not welcomed by the governments of the developing countries, and was disparaged, as will be shown in Chapter 4, by the U.S. foreign policy establishment.

Theories of Development Administration

As political development lost status, the seemingly more value neutral and productive field of economic development came to occupy all of the U.S. foreign aid agenda save that of the small and comparatively uncontroversial field of development administration (Kesselman 1974).

Development administration emerged as a subfield within the field of public administration in the discipline of political science at the same time that development economics was being rejuvenated. The earliest formulations, produced with heavy Ford Foundation support, were consistent with gap-filling theory and the centrality of the strong, developmental state. To build state capacities, it was deemed sufficient to train people from the emerging nations in Western management techniques.

U.S. government and foundation officials alike were disappointed by the failure of African bureaucracies to behave as expected in spite of the Western training provided. The wave of coups d'etat that swept the continent in the mid-1960s was particularly demoralizing. Corruption and inefficiency spread like fungi. A debate began between those who favored staying the course and sticking to what B.B. Schaffer (1969) labelled "administrative development," and those who favored a different, less structured approach that would take account of the unique problems surrounding the administration of economic development in the Third World, what Schaffer referred to as "development administration."

The comparative study of this problem was dominated by Fred Riggs, "a one man ideas factory [who came] near to constituting the whole movement" (Heady 1979, footnote 1: 178). By the late 1960s the field of comparative public administration was divided roughly into scholars who studied bureaucratic structures and scholars who studied bureaucratic contexts. Between these two extremes there gradually emerged a third,

less well-defined position which combined elements of both and would come to dominate the agenda, an argument I shall call "organicism."

Structuralists looked for differences in such things as hierarchy, specialization, rules, procedures, impersonality, and selection methods among bureaucracies in different countries. They felt that if bureaucracies were properly designed and included appropriate incentive systems, they would function as intended and be impervious to corrupting influences from the external environment.

Contextualists thought structures, that is bureaucratic forms, were immaterial. They sought clues to bureaucratic behavior in the internal culture of foreign bureaucracies and in the politico-socio-economic environment in which they operated.

Organicists would later argue that neither contextualism nor structuralism was in and of themselves satisfactory. The behavior of a given organization was a function of interactions between its internal culture and the larger environment. The design of structures should reflect this fact.

The three camps within the field of development administration produced three very different sets of policy recommendations. Structuralists argued for a blueprint approach, the grafting of faithful copies of Western bureaucracies onto the cultures of the emerging nations. Contextualists had no policy recommendations per se. In effect they argued that each country would end up with its own particular form of bureaucratic structure no matter what the donors tried to do. Organicists, for their part, believed that bureaucracies should be learning organizations deeply rooted in the cultures they served.

The central role of the state in the dominant paradigm ensured that the structuralists won out initially. Their argument in favor of strengthening Western-style administration in Third World countries was

adopted in the 1960s. The contextualists, however, continued to argue the futility of creating overdeveloped bureaucracies in underdeveloped countries (Heady 1979). The school which I refer to as the organicists began to form at this time. They argued in favor of eclectic, adaptive organizations that worked closely with the people they served and could learn from their experience (Korten 1980). The organicists were major contributors to the paradigm shift that occurred in the 1980s when the two U.N.-led decades of development were succeeded by two decades of structural adjustment under the leadership of the International Monetary Fund.

Structuralism

The structuralist camp of the field of development administration came to dominate the early U.S. foreign aid program because it accorded so well with the commanding role reserved for the state in the early theories. The view that a well-designed bureaucratic structure is like a diving bell that can be lowered into any cultural sea predominated during the two decades of development.

The definitive example of a structuralist who thought Western bureaucracy was a universally-applicable structure that, if built right, would be impervious to the external environment, was David Leonard. He argued from strong evidence in Kenya that sound administrative principles and techniques could work well in the developing areas. Context was mere technical data to use to adjust and fine tune the universal structure.

Contextualism

Fred Riggs believed that the external environment was the main determinant of organizational behavior. To argue his point, he focused on just one dimension of the total environment of the social system--the government--and distinguished between three types of government: composite, primordial, and mimetic. Composite governments were both

hierarchic (authoritative) and polyarchic (consensual) "in some kind of effective, though not necessarily symmetrical, balance with each other" (Riggs 1975: 163). Primordial political systems were either hierarchic or polyarchic, but not both. Mimetic governments were an unequally-balanced mixture of the two. The composite governments of the world were the modern nation-states of Western Europe, North America, and Japan. The primordial governments were the traditional political systems (such as chieftaincies) in the less developed areas that were passing from the face of the earth. Mimetic governments were those that were replacing them. The new governments in Africa tended to be highly unstable because they were badly unbalanced either toward hierarchy in some form of bureaucratic-authoritarianism or toward polyarchy in some form of patron-clientelism. In this model, the type of bureaucracy found in a country was a function of what type of government it had (Riggs 1975). In actuality the behavior of a given agency in a government was shaped by many more independent variables than one. Government agencies typically were part of weak states in strong societies (Migdal 1988). Adhering to administrative principles was less important than obeying cultural imperatives such as kinship ties or "economies of affection" that outweighed other incentives (Hyden 1980). Administration in the developing countries was negatively affected by cultural attributes that resisted social engineering.

Organicism

Although the structuralists' policy recommendations were adopted in the U.S. foreign aid program, the three-sided debate among the structuralists, contextualists and organicists did not abate, and intensified after the first early failures of the development program. The result was a deadlock in development administration theory by the end of the 1960s. As Schaffer expressed it, "The paradox is only too clear: on the one hand a search for change via administrative means, on

the other a suspicion, a dissatisfaction, a distrust of administration, and at times a specifically anti-administrative position" (Schaffer 1969: 185). This early mention of anti-government attitudes was a foretaste of the feast to come.

While recognizing that social and cultural norms pervade bureaucracy, Victor Thompson (1964) stressed the importance of the internal environment of the organization, and argued in favor of a "crisis management" form of structure. Agencies behaved in organic, not mechanical fashions. Adaptation was known to be key to the success of all organizations, thus bureaucracies should create an innovative atmosphere in which uncertainty of subject matter did not translate into fear for job security, free cross-channel communication was promoted, and influence over decision making was based on skill, not hierarchy.

Schaffer held both structure and context to be important. He underscored the importance of the conjuncture between an efficient civil service and a social willingness to "queue." Western bureaucracy was only one type of administrative structure, and might not be best for societies that did not queue. The two main features of Western-style bureaucracy were the compartmental nature of its decision making process and its reliance on the administrator. In societies which did not queue, compartmentalism produced social disorder as people either "camped out" or searched for informal avenues of access. Reliance on the administrator posed the problem of bureaucratic discretion, which in societies that did not queue generally produced patron-clientelism. Administrative structures ought to vary according to contextual differences. Schaffer advocated "administration as 'directive education,'" meaning education by the organization of the community it serves (Schaffer 1969: 209).

Thus, while political development never really got onto the agenda, development administration played a large role in the U.S.

foreign aid program. Training, or what was later called human resource development, was a substantial feature of most AID missions' project portfolios. It suffered from one essential contradiction. In many of the emerging nations, Western bureaucratic principles did not mesh very well with local cultural norms.

The Consequences of Developmentalism

At no point in the period from 1948 to 1995 was there irrefutable proof that free markets and democracy yielded more social benefits than economic nationalism and authoritarianism. It was simply assumed that they did, and economic models were devised after the fact. The key postulates of American foreign aid policy were never the product of scientific knowledge; they were a creed, an article of faith. Supporting free markets and democracy rationalized continued funding to Congress by justifying aid in terms of U.S. national security interests (Packenham 1973). The problem was, with a few notable exceptions such as Israel and Egypt, in most countries there was seldom any clear national interest for the U.S. foreign aid program to support. The problem lay in "the subjective nature of the concept of national interest, including the lack of intellectual rigor in its application" (Zimmerman 1993: 34). Foreign aid extended the reach of the concept of national interest beyond its grasp.

The poor performance of the American foreign aid program in the 1960s and '70s was due to incorrectly-learned lessons from the Marshall Plan. Officials misconstrued the successful reconstruction and democratization of the previously industrialized (and in most cases previously democratic) nations of Europe and Japan for a blueprint of how to develop Third World countries (Zimmerman 1993). Because foreign aid officials confused modernization with development (Huntington 1968), their attempt to apply the Marshall Plan to the Third World was doomed

to failure. The large scale capital-intensive projects and massive training programs to strengthen institutions, transfer technology, and build a modern infrastructure--projects of the sort Hirschman (1967) observed--were naively assumed to be all it would take to spark sustainable development everywhere.

Tactical Approaches to Development

In the fourteen years from 1948 to 1960 there were five successive agencies that handled U.S. bilateral aid. When AID was created in 1961, it was the sixth.

The first extension of bilateral aid was announced by Truman in a joint session of Congress on March 12, 1947 in response to Britain's admission it could not meet the crises of leftist insurgencies in Greece and Turkey. Truman extended military, economic and technical assistance to these countries. The following year, 1948, Truman established the first bilateral aid agency, the Economic Cooperation Administration. It was designed as an expendable agency of the type used by the Roosevelt administration to combat the Great Depression. It existed for three years until 1950, and was replaced by the even briefer-lived Technical Cooperation Administration, which lasted two years from 1950 to 1951. It was replaced by the Mutual Security Administration, created in response to the outbreak of the Korean war. This agency lasted three years, from 1951 to 1953. It went out of existence when the Eisenhower administration created the Foreign Operations Administration in its first year in office. This the fourth U.S. foreign aid agency lasted for all of Eisenhower's first term from 1953 to 1956. The fifth and last forerunner to AID was the International Cooperation Operations Administration, which existed for the four years of Eisenhower's second term.

Each of AID's forerunners, and AID itself, were active in India, which received its independence on August 15, 1947. The case of India

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is significant to this study because nearly every tactical approach to development that AID was to try in Tanzania was first tried there in the famous Etawah project. I shall examine four different tactical approaches to development (by no means an exhaustive list of the different angles that have been tried) to prove this point.

Integrated rural development

When the U.S. began an aid program in India in 1948, there was, as we have seen, no theory to guide its practice. This does not mean that the first American foreign aid workers felt helpless about what to do. Quite the contrary, armed with a very American can-do spirit and confidence in their know-how born of victory in the war, they went right to work in programs that anticipated the approaches that would follow by as much as three decades in time.

The sudden appearance of a U.S. foreign aid program caught the world by surprise; one day the Americans just showed up asking how to help. The Indians were, naturally, somewhat suspicious. The U.S. Ambassador Chester Bowles arrived in the country excited about the Truman vision of linking American "ideals and resources with the efforts of more than a billion people to secure a better life." He advocated "an American aid program, on a large enough scale and soundly enough conceived to fill the gap between the maximum possible savings of countries like India and the minimum need for a program of economic development" (Bowles 1955: 196, 331, emphasis added). Ambassador Bowles, drawing simply on what he had experienced of social programs as a high-ranking official in the Roosevelt administration, anticipated Chenery-Strought gap theory by almost ten years.

The chief designer of Etawah was Albert Mayer, an architect and town planner who had served in the country during the war as a lieutenant-colonel in the U.S. Army Corps of Engineers building airfields. Mayer had met Jawaharlal Nehru in 1945, and enjoyed a solid

reputation among India's political leaders. He drew on the practical experience of American missionaries in India and on the findings of rural sociologists and Department of Agriculture extension officers in the United States.

In his study of the Etawah project, Gerald Sussman (1982) identified five key features of the integrated rural development approach Mayer developed. First, Mayer's basic assumption was that the American land-grant model of research and extension could be transferred to India. An expendable Indian government agency would serve as the vehicle for this transfer of technology.

Second, to be effective, rural development--also called rural uplift and self-help at the time--would have to be rooted in the social, economic and production bases of society. Projects had to in some way grow out of the people; they could not be simply transplanted. Mayer combined the Ghandian program of community development with U.S. Department of Agriculture rural extension techniques in an integrated approach to the problem.

Third, Mayer drew from his experience in the U.S. Army using peripatetic personnel, soldiers with a limited amount of training who could perform certain tasks reasonable well. The training of Indians would therefore be crucial. When the Ford Foundation came to India in 1951, it signed on to fund much of the training component of the Etawah project.

Fourth, there could be no set blueprint, master plan, or preconceived program. Instead, Mayer's rural development teams would operate using a problem oriented framework. The initial step would be simply to identify local problems and needs and whatever local resources there might be in the community. Reliance on scarce imported resources would be kept to a bare minimum. Everything the rural development teams

did would be based on the particular circumstances of the community in which they were working.

Fifth, the project had to have firm high-level political support, and there had to be good two-way communications within the project organization between headquarters and the field, and between the organization and the people of the rural communities. Sussman called this "inner democratization." Provisions would have to be made to ensure that the Indian workers would be socialized in this innovative new participatory method, so that it became a permanent tradition of the organization.

The Etawah project encountered problems both with the U.S. and the Indian governments. There was a dispute between Mayer and Ambassador Bowles. Mayer thought of Etawah as a pilot project. He wanted to do a few high quality intensive projects in a limited number of villages, and count on news of the success spreading by word of mouth. Development would radiate out from the original small core through the extension process, with early adoption expected to be made by progressive farmers and entrepreneurs.[2]

Bowles disagreed, and thought that the paramount concern of the program should be to help meet the urgent need of the Indian government

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[2]   Theories of how technology is adopted and diffused in the transfer process grew into a huge body of literature from the 1940s through the 1970s. Experience revealed that rural inhabitants could be ordered into five generic types, based on their proclivity to adopt new technology. The most likely to adopt were categorized in the rural sociology literature as "innovators." Innovative (or progressive) farmers are those who are well endowed in land, labor, and/or capital. Innovative entrepreneurs are those with sufficient venture capital or lines of credit who take risks in profit-making uses of new technology. Innovators tend to be the best educated and most cosmopolitan members of rural communities. The implication of adoption theory was that development projects should introduce new technology first to innovators. It could be counted on to diffuse out into the larger population when the innovators were seen to enjoy success. Another reason that innovators came to occupy such a large part of development planners' attention was that they had the capacity to absorb capital. Focusing on rural elites made it easier to move money (Austin 1996).

to provide every village family with tangible evidence that the government was concerned about their welfare. Bowles wanted a national program that would cover the waterfront and be seen by as many people as possible.

The dispute with the Indian government was twofold. First, there was the normal turf war over which ministry should direct the program. Secondly, the program's flexible, problem-solving, participatory approach conflicted with the highly hierarchical Indian bureaucracy, a product of centuries of British rule, which was more concerned with strict protocol and lines of authority.

Perhaps most significantly, the Etawah project conflicted with the need of both the Indian government and AID's forerunners to move money quickly. Mayer's approach called for patience, while the interest of the two governments was to build big programs quickly. The program thus lost its focus very early, and later lost its political support, and began to wane in the 1960s just as the integrated rural development approach was being picked up by AID and tried out in many countries, including Tanzania.

Institution building

The tactical approach to development called institution building appeared on the scene as the growth-maximizing industrialization approach of the 1940s and '50s began to run out of steam. Research into the new tactical approach was heavily funded by AID, and was conducted under the guidance of Milton Esman and his colleagues from the schools of the Midwest Universities Consortium for International Activities (Rondinelli 1987). Institution building projects accounted for half of new AID spending in Tanzania in the early 1960s and preceded integrated rural development by half a decade.

Institution building began with three premises learned from past experience: (1) development was the process of introducing change, (2) impediments to development were not economic but administrative; and (3) bottlenecks were due mostly to low levels of administrative capabilities. The key was to improve the capacity of public agencies, to convert them from organizations to institutions, meaning to agencies whose prescribed changes were accepted, valued and functional (Esman 1967, Smart 1970).

The chief problem that institution building ran into was that AID contracted with universities to provide the technical assistance for much of its institution building program. The university professors who went to the Third World came with their pet models of change. For the most part, they were not able to persuade their host country counterparts to adopt their ideas (Blase 1973).

Institution building used two features of Etawah. First, it recognized the importance of properly socializing government officials so that the Western management techniques being transferred in by foreign aid became institutionalized traditions. Second, there had to be a dialogue between the organization and the people it served, so that the changes the organization proposed to make would be accepted and become valued by the people.

The learning process

In his brief discussion of "administration as 'directive education,'" B.B. Schaffer (1969: 209) opened a window to the organicist school that began to develop in public administration and its subfield of development administration. Pressman and Wildavsky (1973) observed the details of the many reasons why policy implementation could go haywire in the U.S. system. Richard Elmore (1979), concerned with the emerging backlash against big government on the eve of Reagan's

election, stated the obvious that "decisions are not self-executing" and compared state versus market solutions. He argued that markets could not meet every social need, and that some bureaucracy was necessary. The new dislike of bureaucratic discretion would have the unintended and undesirable effect of "increased reliance on hierarchical controls to solve implementation problems." He felt that the key to successful implementation lay in answering the question: "where, in the complex welter of relationships at the delivery level, are the individuals who have the closest proximity to the problems and what resources do they need to address it?" The solution he suggested was that policy should be designed by beginning at the point of the problem and working backward. He contrasted this "backward mapping" approach to the more typical "forward mapping" approach, in which a universal solution was devised beforehand and brought to bear wherever the problem occurred.

David Korten (1980) introduced the concept of the learning organization. He acknowledged the high level of uncertainty facing development workers, and listed three possible responses that development organizations typically exhibited toward their failures: to deny it; to externalize it; or to embrace it. The first response is that of the self-deceiving organization which spends a lot of time and effort hiding its errors. The second response is that of the defeated organization whose members whine "how impossible their task is given the perversity of the environment which does not respond according to their wishes." The third is the learning organization which embraces error "as a vital source of data for making adjustments to achieve a better fit with beneficiary needs." Successful organizations are learning organizations that plan with the people and link knowledge to action. They go through three stages in developing programs in a process that works from the bottom up: learning how to be effective by working with

the people, learning how to be efficient by developing management systems, and learning how to expand to build on success. Korten concluded there were two barriers to success. The first was the bureaucratic imperative to move large amounts of money, the second the rigid project planning methods that still predominated in 1980.

The similarity of the learning process approach to the Etawah project is evident. First, it brings problem orientation to a situation with its various recommendations for backward mapping and embracing error. Second, by seeking the individuals in closest proximity to the problem and by beginning with the assumption that agencies must work with the people to be effective, the learning process approach placed heavy emphasis on popular participation in planning in order to discover knowledge and link it to action.

Using indigenous knowledge

Robert Chambers (1983, 1991, 1994) pioneered a cost-effective technique of assessing development needs called rapid rural appraisal. He distinguished this from two predominant approaches to project design: long and dirty and quick and dirty. Long and dirty appraisals are the favorites of academics. They are costly and time-consuming and speak more to theory than to practice. They start with reviews of existing secondary data, move on to surveys of rural attitudes, followed by the coding and entry of data, and finally end with complex quantitative analysis. They are frequently delivered after such great lengths of time that the problem has changed and their recommendations are no longer relevant when they arrive. Long and dirty appraisals are generally useless to decision makers.

Quick and dirty appraisals are the favorites of professional development workers, people Chambers disdained as "development tourists." They drive or fly out from the capital city and briefly tour

the project area by road. They are vulnerable to a host of biases. They only see what is visible from the car. Oftentimes "old hands," they can be arrogantly confident in their preconceived notions and fail to listen carefully to what is said to them. They often overlook invisible factors such as patron-client relations, heavy debt, and patrimonialism, all important to the success of development, but impossible to see if the analyst is in a big hurry to get back.

Chambers' concept of rapid rural appraisal represented a cost-effective solution to the "dirty" approaches. It involved a number of techniques, ranging from the use of rough indicators like the number of tin roofs in a village or the fatness of the pigs, to using key informants and focus groups, and advocated mixes of qualitative and quantitative data.

When the institution building approach went out of fashion in the late 1970s, its leading theorist Milton Esman joined forces with Norman Uphoff (1982, 1984) to focus on the role of local organizations in development. They borrowed from a number of schools of thought and conceptualized successful local organizations as mediating structures between the state and the supposed beneficiaries of development aid. They stressed that local organizations were effective only if they were efficient, equitable, and if they empowered their members.

Michael Cernea (1991) and other contributors, including Robert Chambers, expanded from Esman and Uphoff's recommendation that local organizations be highlighted in development planning, and focused on the role of cultural endowments. They saw information as particularly crucial, and argued that the most crucial information of all is gotten from the people nearest the problem. It was important that development planners start taking social knowledge into account at the earliest stages of program design.

These three versions of the tactic of using indigenous knowledge—rapid rural appraisal, use of local organizations, using social knowledge—all advocated projects that were long-lived, that varied according to local circumstance, and thus were highly eclectic, and very slow-paced and labor-intensive. These were all aspects of the integrated rural development approach developed by Mayer in the Etawah project in India.

With the arrival of the tactic of using indigenous knowledge, it seemed everything was accounted for. Every aspect of the developing country's social system was on the table save one: the political system itself. Then U.S. foreign policy changed and the project of promoting democratization began.

Contradictions occurred between the four tactical approaches considered here, which all required patience and concentration of effort, and the two administrative imperatives to spread effects and move money. A second type of conflict was temporal in nature, a reverse of the expected order in time between theory and practice. In the field of international development, practice has nearly always been out in front of theory.

Ideological Perspectives on Foreign Aid

The final, and arguably strongest intellectual influences on AID come from ideology. Broadly, there are three contending critical perspectives on the entire foreign aid project: altruism, realism, and radical criticism.

Aid as philanthropy

The first of the three perspectives accepts foreign aid for what it purports to be: simple altruism. The strong correlations between public opinion in the donor countries about what their foreign aid ought

to be used for and the objectives for which it has ostensibly been provided support this conclusion. Foreign aid has served "humanitarian and egalitarian principles" in a good-faith effort to establish "a just international order in which all states had a chance to do well." Wealthy countries give aid to poor countries for selfless, not self-interested reasons, under terms that are "favorable to the economic development of the recipients and unfavorable to the use of aid for leverage by the donors" (Lumsdaine 1993: 30, 102, 275).

However, a straightforward altruist perspective of aid does not hold up in the case of American aid to Tanzania. Declassified portions of the official record reveal that Washington's chief objective in establishing an AID program in Dar es Salaam in 1961 was to head off Communist influence.[3] Beginning in 1981 the U.S. instituted a policy of using American assistance as leverage to force Tanzania to abandon socialism. These are instances when the United States did not provide aid to Tanzania for purely benevolent reasons. American aid to Tanzania cannot be interpreted as pure philanthropy.

Aid as bribes

In the realist perspective of the world as dog eat dog, there is scant place for altruist sensitivities in the conduct of foreign policy (Brown 1984: 115-121). Realists typically are pessimistic about the prospects for development. A truly effective program to accelerate world economic growth would require a massive transfer of wealth far beyond what American taxpayers would ever accept. The amount of money actually available for foreign aid is inadequate for the task; world poverty is an intractable problem in the near term. This is not to say that foreign aid has no utility. It is a useful slush fund to "bribe" Third World governments to support U.S. foreign policy goals (Morgenthau

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[3]. The first American aid to Tanzania was sent in 1955, $981,000 (in nominal terms) for a single British-run agricultural project.

1962, Bandow 1988). For realists, aid to Africa has never been anything
other than a tool for geopolitical gain (Ungar 1993: 385).

However, an unmixed realist view of aid as pure bribery is also
not tenable in the case of American aid to Tanzania. In the early 1970s
the Nyerere government started becoming hostile toward the United
States. Counseled by the arch-realist Henry Kissinger, the Nixon and
Ford administrations reduced new development assistance to Tanzania
accordingly, tit for tat. New project spending in Tanzania dropped from
$53.1 million in 1973 to $8.4 million in 1974.

Then in 1975, a year when the Tanzanian economy was suffering from
the effects of the first oil shock, the country was stricken with severe
drought. The threat of famine loomed. In response, the Ford
administration reversed its policy and made a $24.4 million loan of food
and cash. This did not result in any change in Tanzanian attitudes; the
Nyerere government remained "a thorn in the side of the U.S." for two
more years of declining relations (USAID, Appraisal, 1978).[4] The
increase of aid in 1975 was not a bribe to procure Tanzanian political
support; it was done for humanitarian reasons. American aid to Tanzania
cannot be seen as pure cynical bribery.

Aid as weapon of capitalism

The third perspective on foreign aid is radical criticism. Like
realists, radical critics interpret foreign aid in instrumental terms.
Like realists, they believe foreign aid has nothing to do with altruism.
They too cast scorn on the development enterprise, but for different
reasons. The problem lies not in the inadequacy of resources, but in
the misguided liberal belief that poor countries can prosper under
capitalism. The faith is wrong. The world system is permanently and
unfairly tilted against the developing countries (Wallerstein 1979).

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[4]   Because of inconsistencies in page numbering in many its reports,
page numbers are not included in citations of AID documents.

Foreign aid is a weapon of capitalism used by the donors to pierce developing countries, a burglar's tool to jimmy open their economies for exploitation by the donors' transnational corporations (Hayter 1971, Biersteker 1987). Aid is a Trojan Horse (Weissman 1975).

While perhaps true of U.S. aid programs elsewhere, American aid to Tanzania was not a Trojan Horse. Tanzania was never very attractive to foreign investors, American or otherwise. The country has few resources, and its government from independence onward was hostile to the interests of foreign capital (Bienen 1967). Aside from a NASA satellite tracking station in Zanzibar which it removed in 1964, the U.S. had "no major compelling political, security or economic interests in Tanzania" (USAID, Appraisal, 1978, emphasis added). AID's mission in Tanzania never served, as the mission in South Africa has done, to facilitate the entry of American corporations into the country.

Aid as pragmatic altruism

The radical view of aid as the weapon of capitalism cannot be sustained in the case of U.S. foreign assistance to Tanzania, but the altruist perspective of aid as philanthropy and the realist perspective of aid-as-bribery both in part can. Liberal altruism and conservative realism are antithetical propensities. As a dialectic, they funtion as the primary force that drives AID. The two viewpoints coexist in U.S. foreign policy councils, but do not have equal weight. Altruist sympathies have significantly less influence than realist concerns. AID's mission to promote international development is subordinate to its obligation to support the national interest.

Liberal altruists have their greatest influence over AID programming. They inhabit the cracks in the policy structure. When AID's missions are left to their own devices, they are guided by their

wish to do good in the world. Both the design and implementation of AID programs reflect altruist sensitivities.

Realist considerations prevail in the two most important decisions AID must make: whether to provide aid to a country, and how much to give. With the lone exception of 1975, the amount of new aid given to Tanzania each year changed according to the attitude of its government toward U.S. foreign policy. Twice, in 1970 and 1988, the U.S. substantially increased aid to Tanzania to reward it for cooperation, and four times--in 1972, 1976, 1983, and 1991--slashed it to punish Tanzania for defiance.

We have seen how the practice of a U.S. foreign aid program preceded theory, how the mission to extend economic development helped call a development paradigm into existence. We have seen that until the paradigm shift of the early 1980s the core of development theory was economic; the political system was viewed either as a dependent variable or as somehow extraneous to development. We have seen that the four main tactical approaches to inducing development that have been tried over the years were all attempted by Albert Mayer in the famous Etawah project in India during the late 1940s and '50s. Finally we have seen that American aid to Tanzania was not used as a burglar's tool to open the country up for exploitation by U.S. corporations. However, it was neither a purely philanthropic nor a purely realpolitik endeavor either. Instead, as I will show in greater detail below, the strategies undertaken by the U.S. foreign aid program to Tanzania reflected a complex dialectic between these two competing propensities, what I have called pragmatic altruism.

CHAPTER 3
INSTITUTIONAL CONTEXT

Influence of American Federalism

AID simultaneously exists in two external environments and, like all complex organizations, embodies an internal culture. Its inputs (authorizations to act and appropriations of funds) come from its political environment in Washington. Its outputs (projects and programs) are carried out in its task environment in the developing world. Much of AID's observable behavior is a consequence of this and the unusual system of government under which it operates. A brief discussion of the special problem of American federalism is in order.

The American system of government was designed in the 18th century by men who were torn between a distrust of centralized power acquired from the struggle for independence, and a rueful understanding of its necessity gained from a failed experiment with confederacy.[1] The men who wrote the U.S. Constitution understood the need for effective government, but they thought it more important to safeguard against tyranny than to provide for rational administration. They created a government that, while able to control the governed, first and foremost is obliged to control itself (Rossiter 1961, Wilson 1989).

To limit government, the framers divided its power in several ways. The primary division was between the states and the federal government with all unspecified powers reserved for the states under the

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[1]. The first central government was formed under a treaty of friendship between the rebelling colonies called the Articles of Confederation. The government was so weak it was a detriment to the war effort and after independence proved to be so unsatisfactory that the states agreed to a Constitutional Convention. Interestingly, the southern states that seceded between 1860-1865 tried to reestablish a confederate form of government.

doctrine of enumeration implied by the 10th Amendment. The second was to divide the federal government into three branches: a judiciary to shield the Constitution from the passions of the day, a legislature to make the law, and an executive to carry it out. The judicial branch was constructed as a hierarchy of federal courts, while the legislature was separated into two chambers, the House of Representatives and the Senate, which were given different structures and powers. The executive branch alone was left undivided.

The framers provided for joint administration of the bureaucracy. Congress was given control over funding and responsibility for oversight while the President was given the authority to conduct policy. The President accomplishes this by delegating power to his appointees who administer the different parts of the permanent bureaucracy. The President's appointees must be confirmed by the Senate. With the exception of federal judges, the President may remove his appointees without reference to Congress.

In this system AID personnel work under presidential appointees and are overseen by parallel legislative committees. Among the most important of these are the House and Senate appropriations subcommittees which control AID's funding, and the two foreign affairs committees which oversee its programs.

The consequence for AID is a peculiar and not particularly effective mix of centralized and decentralized functions. Authorization, appropriation, budgeting and accounting are centralized functions subject at a minimum to Congressional oversight committees, the Government Accounting Office (GAO), and AID's Inspector General. Program design and implementation, on the other hand, take place in the field. Although conducted with significant discretion, these functions are subject to an internal review process. With the series of reforms begun in the 1960s, AID's internal review process became an increasing

burden. By 1973 its weight was so heavy that the Tanzania mission was moved to complain, "as AID's project design techniques have grown in sophistication and standards have increased, no [mission] can hope to find the time or expertise to anticipate the questions raised by a multitude of reviewers at several levels in AID/W" (USAID, FBS, 1973).

Arguably the most commanding control over AID is the power of the purse, reserved for the Congress. The rules of the House and the Senate separate the budget making process into two parts: authorization and appropriation. An authorization is the power granted to an agency to carry out a specific activity. An appropriation provides the agency with funds (Schick 1980). Funding can also be provided through a continuing resolution. A continuing resolution allows an agency to spend at the previous year's rate rather than spend under a new appropriation (Lee and Johnson 1989: 185).[2] Since 1982 the use of continuing resolutions has become increasingly routine in the U.S. (Rubin 1985). It was thought remarkable that the 98th Congress passed five of the thirteen appropriations for which the legislature is annually responsible under one "giant continuing resolution" (Fisher 1992: 149). The events of 1995-96 rendered this incident less impressive. In the final quarter of 1995, an unprecedented "budget war" began between President Clinton and the 104th Congress during which by year's end virtually the entire federal government was being operated under a single mammoth continuing resolution.

It is not hard to see why the American system of government frustrates rational administration. When Congress and the President begin pulling in different directions over a particular issue, an agency (or the entire federal government) may become the rope in a tug of war. If the President does not approve of the purpose of a particular agency,

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[2]   The use of continuing resolutions originated during the 19th century as a solution to the problem of distant western military outposts periodically running out of money or becoming pinched for supplies at times when Congress was not in session.

he can use his appointees to weaken it from within, as happened in the case of Ronald Reagan and the Environmental Protection Agency. If Congress objects to the activities of a particular bureau, as happened to the Central Intelligence Agency during the Ford administration, Congress may cut its budget (as it did to AID two years running in 1966 and '67) or pass laws to restrict its autonomy (as it has done repeatedly to AID).

Agencies are not helpless. When the doctrine of enumeration was overturned by the Supreme Court to permit the Roosevelt administration to enact its plan to combat the Great Depression, a substantial degree of de facto power was instantly devolved upon the federal bureaucracy. The bureaucracy became an unintended fourth branch of government (Meier 1980), inefficient, dysfunctional, oligarchical and antidemocratic in the view of its many latter day critics (Goodsell 1985: 6-11). Structured as it is to make confrontation more likely than collaboration, American federalism is a far cry from the Weberian ideal of rational administration. It is a government of strangers (Heclo 1977).

AID's External Environments

A unique feature of AID is that its external environments are separated from each other by great geographic distances. The agency's political environment is in Washington but its task environment is overseas. The extreme distance between AID's input and output functions causes it complications.

Furthermore, both of AID's external environments are characterized by high uncertainty. International development is an uncertain business; success requires regular tinkering with program implementation. Political directives from Washington also result in

tinkering. Unfortunately, the tinkering has tended to have deleterious effects.

AID's Political Environment

AID's political environment is a highly uncertain place because AID is a highly vulnerable agency. Its vulnerability stems from two factors: its impermanent mandate and its lack of a constituency.

AID was established in 1961 as the sixth in a series of agencies dating back to 1948, all authorized as temporary bureaus under the method used by Franklin Roosevelt of creating expendable agencies to perform temporary tasks. AID's impermanent mandate would not be so serious if AID had a powerful constituency. It does not. AID's activities are all conducted overseas. Very few Americans see any direct benefit from it or any other branch of the State Department (Wildavsky 1988). AID's only support comes from special interest groups. There is the circle of consulting firms that live off AID contracts. AID is, in the view of consumer advocate Ralph Nader, a "pot of gold" for these "beltway bandits" (<u>Dallas Morning News</u>, Aug. 8, 1993). But many nonprofit humanitarian organizations also receive funding from AID, and they too support the agency. In its year end newsletter in 1995, the Christian charity Bread for the World declared its opposition to the Republican proposal for "merging USAID into State, because that would subject development aid even more to U.S. political and commercial interests, rather than focus it on the needs of poor people" (<u>Bread</u>, November/December, 1995). This "do-gooder" lobby, as one official described it to me, helps bolster AID's altruistic propensities.

The coterie of private consulting firms, universities, charities, and nongovernment humanitarian relief and development organizations that implement most of AID's programs is sometimes referred to as the

"development industry." In any given year it captures between 60 and 80 percent of the funds that AID disburses (Tendler 1975, Zimmerman 1993, Washington Post, Sept. 18, 1993, ABC Television, December 4, 1995).

A retired AID official whose service dated back to the fifth agency, the IOA, expressed the belief that the statistic is misleading, and lends itself to "facile conclusions." To illustrate, he gave the example of a project he had seen in Thailand that did nothing more than pay the salary and perquisites of a single private consultant who served as an economic advisor to the Minister of Finance and sat in on Thai cabinet meetings. According to the official, the American advisor had "a tremendous impact on the macro elements of the economy that weren't captured in the project report, which simply showed that one hundred percent of the project budget went to pay the salary of one American."

No matter, the public perception of a cozy relationship between AID and the development industry exists, and results in suspicions that foreign aid officials do all they can to perpetuate underdevelopment in order to maintain their lavish lifestyles at taxpayer expense in tropical countries far from public view. AID workers are the "lords of poverty" whooping it up with foreign aid money (Hancock 1989).

Foreign aid has long been America's least popular form of government spending (Reilly 1988). The year the Clinton administration entered office, 70 percent of Americans reported feeling that foreign aid was wasteful of their tax dollars (Associated Press, Sept. 5, 1993). Arguably, AID is America's "most hated program" (Reuters, Jan. 18, 1993).

U.S. political leaders in Washington have maintained a foreign aid program against the will of the majority. As will be seen in greater detail below, this was done in the name of fighting Communism. AID's political raison d'etre thus dissolved with the Soviet Union. Its continued existence was suddenly called into doubt. The National

Taxpayer's Union put AID at the top of its list of agencies whose budgets should be cut. Members of Congress from both parties joined the long-standing call of AID's enemies for its termination (<u>Dallas Morning News</u>, Aug. 8, 1993).

AID's political vulnerability has made it a tempting target for Congress over the years, a whipping boy to punish for displeasure with the policies of the President (Lyons 1994). When, for example, Congress disapproved of President Johnson's conduct of the war in Vietnam, it passed laws in 1966 and 1973 to restrict AID's autonomy, and drastically cut its budget in 1966 and 1967. Angry about Nixon's secretive conduct of foreign policy, in 1974 Congress reduced the autonomy of the entire State Department (Schick 1980). Since 1961 Congress has increasingly dictated which activities AID should engage in and what priority each should have by passing mandates and earmarking funds.

<u>AID's Task Environment</u>

AID's task environment is characterized by the same high degree of uncertainty as its political environment. AID addresses a huge range of problems scattered all over the developing world. There are uncertainties of supply. Which technology to provide? How to work effectively under ineffectual host country governments, given regular unexpected changes in the situation? There are uncertainties of demand. Excess demand for the benefits that development projects can provide may lead to violence. Inadequate demand, on the other hand, can turn projects into white elephants (Hirschman 1967). Success in international development demands experimentation and an institutional ability to learn. Unfortunately, these traits are not nurtured in AID.

AID's Corporate Culture

There are conflicts in all large bureaucracies between the individual and the organization (Downs 1967), but they are particularly bad in AID. Its personnel are divided into a smaller number of more powerful ideologically conservative realists, and a larger number of less powerful liberal altruists. The extreme geographic distance between AID's input and output functions, with its resources coming from Washington and its operations overseas, necessitates a fence-straddling, Janus-faced posture. To protect its resources from its many enemies, AID must be ever alert to changing moods in Washington. To succeed in its uncertain mission of developing the poorest countries on earth, it is "forced to be particularly reliant on its lower ranks for adaptive and innovative behavior" (Tendler 1975: 24).

However, the incentives AID provides its employees do not encourage the spirit of innovativeness. AID is governed by the State Department's management system, with its "tortuously slow apprenticeship" and its "premium on conformity and on the patronage of superiors writing efficiency reports, who were in turn awaiting their own similar advancement through the ranks." AID reflects the State Department "culture in which the simple declarative sentence was regarded as risky" (Morris 1977: 34, 36). There is a pronounced fear of the written word in AID. A review of its archives in the 1970s found them to consist of sanitized, technical and lifeless reports (Tendler 1975).

A high-placed administrator in Africa confirmed to me that dissent is not registered in the official record, but is relegated to "back-channel communications." A one page anonymous memo found circulating in AID's Washington offices in March 1995 reified AID's culture in listing the reasons why it is so conservative. AID's culture, the memo declared, places the highest value on activities that "hold out the

prospect for more money." AID's employees assume stability in recipient countries. They are more comfortable dealing with economic issues than the political and social aspects of development. They believe that unpopular policies "will go away if ignored." Externally, AID resists "being integrated with other donors," and internally "responds vertically to bureau hierarchy, and has difficulty organizing horizontally." The common perception that AID officials enjoy lavish lifestyles is not wholly unfounded. They are, like embassy personnel, given beautiful homes and staffs of servants in the countries where they serve. Their children are educated in private schools. A bit of doggerel circulating in 1996 entitled "The Development Rap" savagely caricatured the development worker as little better than a smug pig feeding at the public trough. (See the Appendices for the memorandum and the poem).

It is not quite that simple. The perquisites of large houses and staffs of servants not withstanding, all AID officials who go overseas must live in impoverished countries that bear little resemblance to the tropical paradises of travel brochures. The cities are, for the most part, unpleasant places to live. In many, slums encircle the enclaves where diplomats and development workers reside. Telephones often do not work. Streets may be broken, traffic clogged. Sanitation systems are often in poor repair, leading to many water- and insect-borne diseases. The water is often not drinkable. There are frequent electrical outages. Crime can be high, and in some countries may be violent. The families of U.S. officials were evacuated from Zaire in 1992 after the French ambassador was shot dead by a stray bullet during political violence. The skeleton crew of U.S. officials who stayed behind went about Kinshasa armed. In 1996, U.S. officials in Nigeria were only allowed to leave their island enclave in Lagos by chauffeur-driven armored car.

Living in these sorts of stressful and sometimes dangerous places puts unique psychological pressures on AID's overseas personnel. An economist in one of the Washington planning divisions recounted the anxiety that all AID officials experience in exposing their families to endemic diseases. Everyone knows a "med-evac" horror story. In many countries, remnants of Cold War proxy armies and guerrilla insurgencies roam the countryside and the slums in packs of armed thugs. The economist recalled the stress of living in Uganda where she learned "that a grenade launcher sounds different than a rifle." The oftentimes bleak and sometimes dangerous conditions in the countries where they serve tend to make AID officials huddle together like immigrant communities, isolating themselves from the local population and socializing with the same people they work with (Tendler 1975).

In describing the constant political pounding the agency absorbs, an official in the Africa Bureau told me, "We suffer from battered spouse syndrome." Another characterized the agency as "under attack . . . an agency under seige." Considering AID's political vulnerability, the uncertainty of its task environment, and the peculiar types of stress its officials must endure overseas, it was not surprising to me to find that many of them feel that working in AID is like being in London under the blitz.

Thus AID's behavior is very much a function of its institutional context. The divided control of American federalism makes AID a peculiar combination of centralized and decentralized functions. Its impermanent mandate and its unpopularity make its political environment a very uncertain place. Its task environment is highly uncertain, requiring AID to be an adaptive organization, but its internal culture places a premium on conformity and breeds caution and a fear of forthright language. The great distance separating AID's input and output functions requires it to adopt a Janus-faced posture to defend

itself against the constant political attacks to which it is subjected in Washington while groping for solutions to all the variegated problems of underdevelopment in the poorest countries on earth.

CHAPTER 4
THE CREATION OF AID

AID at its inception in 1961 was a child of long parentage, the
sixth in a succession of U.S. bilateral foreign aid agencies. Its
progenitors in the period 1948-1960 were all brief-lived, existing for
only two to four years each. AID has proven to be very resilient. In
attempting to answer why AID has managed to survive in its hostile
political environment for far longer than any of its ancesters did, I
turn now to a discussion of the different challenges AID has
successfully faced over the years. A detailed understanding of AID's
thirteen-year heritage and its thirty-five year history is crucial to
understanding the subject I will take up in later chapters, the behavior
of its officials today.

In this and the next two chapters I recount both the early history
of the U.S. foreign aid program and the full history of AID, with
special attention to its operations in Tanzania, in the context of the
political histories of the United States and Tanzania. I will show that
from 1941 to 1995 there were three moments of profound change in U.S.
foreign aid policy. The first involved the institutionalization of aid-
giving in a formal program between 1941 and 1948. The second and third
were changes in the program itself. These were caused by two political
events in Washington: the New Directions--the name of the Foreign
Assistance Act (FAA) reform bill passed by Congress in 1973--and the
1980 election of Ronald Reagan.

Michael Hayes (1992) has developed a theory to explain the
magnitude of policy change in the American political system, why some
policy changes are more substantial than others. Whether a policy

change is marginal or substantial is determined by two factors: whether knowledge of the social problem is felt to be adequate, and whether attacking the problem will establish a new role for the government. The normal functioning of the democratic system described by David Braybrooke and Charles Lindblom (1963) as "incrementalism," according to Hayes, occurs whenever the role of the government in an issue area is established but confidence about what to do is lacking.

I will show that confidence in knowledge of how to achieve sustainable development was particularly high at three moments in time: 1948, 1973, and 1981. After hitting these highs, confidence slipped in the intervening years as programs met failure in the uncertain task environment. The three long intervals between the highs--from the founding of the U.S. foreign aid program in 1948 to the 1973 New Directions, from the new legislation to the 1980 presidential election, and finally from the Reagan administration to date--were periods during which confidence in the knowledge base gradually faded. These were the times of incremental change in AID's history, or what Hayes calls "incremental rationalizing policies."

There are three types of nonincremental policy change. In the first, which Hayes calls "role breakthroughs," a social problem has been identified that no one knows what to do about, and which will involve a new responsibility for the government. This does not apply in the case of the U.S. foreign aid program because, as I have already shown, confidence in how to induce development was not lacking in the 1940s when the new government program was launched.

The next two types of nonincremental change are germane to this study. The second, which Hayes calls "nonincremental innovation," is very uncommon. It occurs when confidence in knowledge of what to do is high but a role for government is not yet been established. The result is fortuitous; a strategy for dealing with the problem is formulated at

virtually the same moment the problem is determined to be a responsibility of the government. This is what happened when the foreign aid program was launched in 1948. In his study of different World Bank projects, Hirschman (1967) discussed this issue, and speculated there might be a force he called "the guiding hand" which calls unexpected problem-solving skills into existence to meet unexpected problems as they arise.

The third type of nonincremental change, which Hayes calls a "rationalizing breakthrough," occurs when confidence in knowledge is high and there is an established government role. The result is new policies for old problems. Twice in the history of AID, once in 1973 by order of the Congress, and once in 1981 by order of the President, "rationalizing breakthroughs" were made in AID policy. Confidence about what to do was restored.

Hayes' model does not explain why confidence in knowledge changes; he only states that it does change. There is a theory adapted from paleontology to American politics by Frank Baumgartner and Bryan Jones (1993) called "punctuated partial equilibrium" that can handle the problem.

According to Baumgartner and Jones, whether a policy change is marginal (incremental) or substantial (nonincremental) is determined by whether the relevant agency is being subjected to positive or negative feedback. The meanings they give the terms "positive" and "negative" are the reverse of their ordinary connotations. Positive feedback is bad; it brings on stormy weather for agencies. Negative feedback is good; it means smooth sailing.

Negative feedback means basically no feedback. It occurs when the American public is basically happy with the status quo, when all is calm and inputs are predictable. In this case, policy changes are marginal

and occur incrementally. Under conditions of negative feedback, large inputs are required to produce small changes.

Positive feedback, on the other hand, is disruptive. It occurs either when control of the agenda changes hands, or when there is a crisis. When a different party captures the White House, or when new majorities are created in Congress, new sets of policy alternatives go into effect (Kingdon 1984). When crises occur, such as the oil shocks of the 1970s (Jones 1979), public attention suddenly focusses on a particular issue area (Kingdon 1984), and the government is forced to respond with new policies.

The implication of the theory of punctuated partial equilibrium is that whenever feedback changes from negative to positive, either new agencies will be created, such as the Environmental Protection Agency created to clean up pollution and the Department of Energy created to meet the energy crisis, or existing agencies will be roused from the torpor of business as usual and shaken out of their standard operating procedures. In either case, small inputs cascade into major effects.

The historical changes that occurred in the U.S. foreign aid program can be explained in terms of changes in the level of confidence in the knowledge base. When new political actors have taken control of the agenda, they have typically ordered fresh approaches to old problems and regenerated confidence about what to do. Thus, when the foreign aid program was founded in 1948 confidence in the knowledge base was high but there was no existing role for government. The result was nonincremental innovation: a strategy for inducing development was devised the moment the problem of global poverty was identified as a responsibility for the U.S. government.

AID's establishment in 1961 coincided with the most articulate theoretical expressions of the development paradigm. Confidence in the knowledge base was still quite high. The failures of the late 1960s

weakened this conviction. The first rationalizing breakthrough that punctuated AID's policy equilibrium was the 1973 New Directions of the Congress. This redirected AID in a fresh approach and confidence in the knowledge base was regained. The two oil shocks and stagflation in the Western countries combined to produce poor results in the development task environment, and confidence in what to do flagged. The second rationalizing breakthrough came after the election of Ronald Reagan. AID was ordered to redirect its efforts toward private sector initiatives, and once again AID recovered a measure of certainty. This gradually wore away as the Cold War fizzled to an end and the political will to maintain a bilateral aid program waned, leaving AID in the position it finds itself in today.

The years 1973 and 1981 therefore punctuate, or divide the agency's history into three time periods. I will show that each period was characterized by a different dominant strategy and a different set of development objectives. The dominant strategy of the first period, 1961-1973, was institution building. I treat both AID's prehistory and the institution building period in this chapter. The second period was the shortest, the seven years 1974-1980 when the dominant strategy was reaching the poor majority. I present this second period in Chapter Five. The dominant strategy of the third period, from 1981 to the present, has been one of forcing political reform. I present this period in Chapter Six.

The Ancestry of AID, 1941-1960

The birth of the world's first peacetime foreign aid program is conventionally given as the conference at Bretton Woods, New Hampshire in 1944. In actuality it had private sector antecedents in the three largest U.S. philanthropic foundations. John D. Rockefeller, Andrew Carnegie, and Henry Ford all endowed foundations during the Progressive

era for the dual purposes of thwarting the spread of socialism in the American work force and securing access to resources abroad. The three old robber barons were also seeking tax relief (Berman 1983), and may have been worried about their immortal souls as they faced the prospect of dying.

The Role of the Private Foundations

The Rockefeller Foundation was an early supporter of the historically black universities. Its patronage was guided by the Tuskegee Principle, whereby conservative black elites were to be trained and sent out to socialize southern blacks into the American system, to convert them from a disadvantaged and potentially explosively subculture mired in hopeless poverty into a docile, semi-skilled labor force. The Rockefeller Foundation helped establish the Social Science Research Council in the 1920s, in hopes that academic minds could be found to reconcile private wealth with public welfare. Overseas, the Rockefeller Foundation supported medical training, notably in China after 1913. The Carnegie Corporation supported the extension of the Jeanes teacher-training institutes--established by Anna Jeanes in 1907 to spread the Tuskegee philosophy--into British Africa in the 1920s. When the Ford foundation established overseas agricultural and public administration programs after World War Two, it quickly became, in the words of Dean Rusk, "the fat boy in the philanthropic canoe" (Berman 1983: 2-3).

The Birth of an Official Foreign Aid Program

The conference at Bretton Woods was the culmination of nearly four years of negotiations between the Roosevelt administration and the Churchill government that began in 1941 when Britain was forced to ask the United States for assistance in its war with Hitler's Germany. This established a relationship that quickly developed into an inquiry into

ways of establishing a new international economic system that would prevent a third world war from occurring. The two governments were far from consensus about what the new economic order should be when they entered into negotiations. Each had its own ideas based on its different experience of the Great Depression.

The British experience

When Britain announced a record budget deficit in 1931, there had been a panicked flight from sterling, and the British pound fell 25 percent in a few days. Britain abandoned its traditional free trade policy in response, and adopted protectionist measures for its manufacturing and agriculture sectors. The lesson the British government learned was that its colonial system, the Sterling Bloc, had softened the effects of the depression in both the home country and the colonies. The colonies had been sheltered from the worst effects of falling commodity prices, while England had benefitted from near-exclusive access to raw materials in the territories under its control. England's position changed from backing free trade to supporting protectionism.

The American experience

The United States moved in the opposite direction, from protectionism to free trade, as a consequence of its very different experience of the depression. Since Hamilton's time the U.S. government had protected domestic industry through tariffs. When the stock market crashed in 1929 and the depression began, the government responded by raising already high American tariffs even further with the Smoot-Harley Bill of 1930, a victory for American isolationists (Gill and Law 1988: 132-134). In the cycle of escalating protectionism that began among the industrialized countries of the world, the U.S. quickly found itself squeezed out of the areas of trade dominated by England and France. The foundations, representing the interests of corporate America, joined

with the government in an effort of finding ways to penetrate the closed European colonial markets.

When the Roosevelt administration came to office and gained control of the political agenda, it began the slow process of convincing Congress to convert from isolationism and protectionism to internationalism and free trade. Secretary of State Cordell Hull called for bilateral reductions in trade barriers in 1934, but the colonial powers resisted (Nissen 1975). Their ability to resist ended with the German conquest of France and the beginning of the Battle of Britain.

The U.S. provided assistance to Britain on a cash-and-carry basis during 1940. By early 1941 Britain was nearly broke. In the spring, Lord Keynes, advisor to the British Treasury, went to Washington to negotiate a desperately needed loan. The Lend-Lease Act was approved by Congress only after strong lobbying by the administration, which justified the measure to the legislature as a strategic means for future penetration of the Sterling Bloc. President Roosevelt justified the measure to the American public in terms that were readily understood, stating that when one's neighbor's house is on fire, it is well within one's interests to lend the neighbor a hose.

With collaboration from the foundations, the assistant to the U.S. secretary of the treasury, Henry Dexter White, produced a proposal for a postwar system to stabilize world currencies through an international central bank and a fund to oversee the problems of international finance. It was understood that the U.S. was the only country capable of financing any such international lending system, thus, in accordance with the new U.S. interest in piercing closed trade areas, the White Plan assigned these new institutions the objective of removing trade barriers and pressuring countries to adopt free enterprise methods (Kindleberger 1987).

The White Plan was briefly resisted by a portion of the American financial community. The banking industry was generally hostile to Keynesian principles and New Deal policies, but when the proposal entered into the political debate, a split occurred between the "Main Street" and "Wall Street" factions of the banking industry, with the former, made up of the many small midwestern banks, generally favoring the proposal as potentially profitable for U.S. industry, and the latter, made up of the few big New York banks with heavy international interests opposing it ostensibly because concessional lending was a big giveaway. In actuality the New York banks opposed the White Plan because they feared government subsidized lending would cut them out of the market. Wall Street was still seen by a large segment of the American public as the chief cause of the depression, so the political base of the international banking industry was shaky. The unified Democratic government was not sympathetic to their interests. A few statements by the administration that the White Plan would not compete with private capital was all that was needed to end the opposition of the New York banks (Nissen 1975). It was a political fight they could not win.

The British fought the proposal, but like the New York banks they did not have enough leverage. The war against the Germans had bled their economy white. The Churchill government recognized the American maneuvering to penetrate the Sterling Bloc for what it was, a threat to its economic interests, and protested against the White Plan as a violation of national sovereignty. London produced its own proposal, authored that summer by Lord Keynes, for an international "clearing union" instead of a central bank that would help countries weather any balance of payment and exchange problems, but which would not be allowed to interfere in the internal economies of any country (Nissen 1975). In

other words, the British favored unconditional borrowing, while the Americans insisted on the right to place conditions on their lending.

The British were in no position to bargain. They were over a barrel, and the Keynes Plan was not considered. The White Plan became the basis of negotiations that proceded through 1942 and 1943, with the British fighting a rearguard action and the French government-in-exile and Canada observing as interested third parties. In April 1944 the Americans succeeded in dragging the British to the altar.

A "Joint Statement by Experts on the Establishment of an International Monetary Fund" was released. The proposed fund would have the right to intervene in the economies of debtor countries. The British had succeeded only in gaining the promise that the United States would not exercise the right during the time when countries were making the transition back to peacetime production. The Bretton Woods convention sealed the agreement (Nissen 1975, Kindleberger 1987).

When the delegates convened in New Hampshire in July to iron out the last details of the final document, victory over the Axis was in sight, the European empires seemed secure, and the Soviet Union was still an ally. Britain, however reluctantly, joined the United States in publicly declaring that the first and second world wars had been caused by jingoistic economic nationalism, and that if a third world war were to be averted, the conditions which nurtured this ideology would have to be eliminated (Gilpin 1987).

The task of reducing the major incentives for countries to wage war would require nothing less than the transformation of the entire world economy. Age old adversarial rivalries would have to give way to something never seen before, complex interdependence, or "situations characterized by reciprocal effects among countries" (Keohane and Nye 1991: 123). The delegates did not want to entrust the success of their scheme to the whims of domestic politics and the vagaries of

international diplomacy. They intended to use technical means. The agreement they signed, once approved by the political leadership, would peg world currencies to a gold-backed U.S. dollar and create a set of international institutions designed to lower trade barriers and provide concessional loans to governments to use either to finance long term development projects or to remedy short term balance of payment problems (Gill and Law 1988). These insitutions were, respectively, the International Trade Organization (which was never established because the U.S. Congress never approved it), the International Bank for Reconstruction and Development (IBRD, or the World Bank), and the International Monetary Fund (IMF).

The high hopes for a permanent peace that followed the surrender of Japan a year after Bretton Woods were dashed in the dozen months it took Stalin to establish Soviet dominance over Eastern Europe, for the Communists to resume the civil war in China, and for war ravaged Europe to begin to exhibit signs of renewed political extremism. It took the U.S. government until 1947 to develop a policy framework to view these events. That year President Truman declared that the earth was being divided into a free world and a world enslaved by Communism, and challenged the American people to decide which side they were on (Freeland 1972). President Truman's address to a joint session of Congress on March 12, 1947 to announce that he was extending military, economic and technical assistance to Greece and Turkey in response to Communist insurgencies in the two countries established the precedence of giving grants of money. Dean Acheson's speech in Mississsippi in May 1947 and George Marshall's better known commencement address at Harvard a month later institutionalized the giving of aid in what came to be called the Marshall Plan.

Having identified Communism as a threat to American national security, the Truman administration set about devising a strategy to

contain it by encircling the Soviet Union and Eastern Europe with a girdle of military alliances and by aiding the embattled Chinese nationalists (Acheson 1969). The nationalist movements that brought renewed war to Vietnam and independence to India and Pakistan inspired nationalist movements in every European colony in the world. Facing this extraordinary development, the Truman administration deemed that the desperate poverty of the people living in the colonized areas was likely to make Communist utopianism appealing to them. A foreign aid program to improve global standards of living seemed justified as part of the effort to contain Communism (Packenham 1973).

As it took form, the Truman Doctrine proposed simultaneously (1) to confront Communism with military force to contain it where it already existed; and (2) to distribute economic aid to promote peace, cooperation and prosperity among the nations of the free world. The program that resulted, the Marshall Plan [later reorganized as the Organization of Economic Cooperation and Development (OECD)], did not pass without opposition. The American people had twice shed blood and dispensed treasure to win wars to save democracy. Many Congressmen were reluctant to ask their constituents to pledge new sacrifices to safeguard the peace. The enactment of the Marshall Plan was a slow and piecemeal process of persuasion. Congress passed the National Security Act in 1947 establishing the National Security Council, a unified Department of Defense under a Secretary of Defense, and the Central Intelligence Agency (Kemp 1993). It passed the Economic Cooperation Act a year later in 1948, which authorized the Economic Cooperation Administration (ECA) to administer the bilateral aspects of the Marshall Plan (Kindleberger 1987).

The ECA was in place by the end of 1948 when Truman narrowly won reelection and the Democrats lost control of the Congress. Facing a Republican majority in the House and the Senate in January 1949, with a

fresh Communist crisis looming in Korea, in the fourth point of his inaugural address, Truman boldly called for the expansion of the U.S. foreign aid program into all countries emerging from European colonialism (McCullough 1992). The "loss" of China to Mao's Communist armies in 1949 helped spur the Congress to pass the 1950 Act for International Development, which replaced the ECA with the Technical Cooperation Administration (TCA) and created a Mutual Defense Assistance program to help countries fight Communism. This arrangement was superceded by the 1951 Mutual Security Act, passed in response to the outbreak of the Korean War on June 25, 1950. Primarily a military measure, it placed all of America's bilateral aid organizations except the Export-Import Bank under one legislative authorization, and replaced the TCA with the Mutual Security Administration (MSA).

The 1952 election of Dwight Eisenhower as President gave the Republicans control of the White House for the first time in thirty years, but restored a Democratic majority in Congress. In its first year in office, 1953, the Eisenhower administration reorganized the MSA into the Foreign Operations Administration (FOA), then reorganized it again in 1956 as the International Operations Administration (IOA). The last change to the American foreign aid program made under Eisenhower was the establishment of the Development Loan Fund in 1957 to conduct bilateral American lending (Rondinelli 1987).

Eisenhower enhanced the role of the National Security Adviser in foreign policy making (Kemp 1993: 34). His first crisis in Africa occurred in Egypt during the election year of 1956. Gamal Abdel Nasser of Egypt retaliated for the denial of World Bank aid to build the Aswan Dam by nationalizing the Suez Canal. Britain, France and Israel united to reopen it by force of arms. Eisenhower intervened by cutting off supplies of oil until the expedition withdrew.

This act to support Egypt in his first term was contradicted by Eisenhower's attitude toward nationalism in his second. Based on the loyalties he formed in the war as supreme commander of the European theater of operations, as president, Eisenhower was disinclined to support the nationalist movements rising in the colonies of America's most crucial allies. He would describe nationalism in his memoirs as a "destructive hurricane." This gave Senator John F. Kennedy an opportunity to make a name for himself by declaring his support for the right of national self-determination (Mahoney 1983).

The stance Kennedy took in the Senate in 1958 won him great favor among the emerging nations when he was inaugurated President in 1961. His administration got the Foreign Assistance Act (FAA) through Congress in its first year in office, and then moved vigorously to win Africa to the free world by extending liberal amounts of aid and by appointing dynamic ambassadors. Kennedy cultivated a personal relationship with the new African leaders, many of whom were as young as he, by receiving them with great fanfare at the White House (Noer 1989). Among these was Julius Nyerere of Tanzania, first received after a trip to the U.N. to request membership for his not yet independent country in the summer of 1961. He came away from the meeting impressed that Kennedy had a much better grasp of the problems facing his country than the British prime minister Harold Macmillan (Listowel 1965: 394-395).

Toward Independence in Tanganyika and Zanzibar

The United Republic of Tanzania consists of two parts. The first is the chain of islands offshore in the Indian Ocean named Zanzibar. The second and bigger is mainland Tanganyika, a poetic Swahili name that means Sail in the Wilderness, a reference to the dhows that ply the great lake of the same name on its western border (Yaeger 1989: 13). Tanganyika consists of the area north of Mozambique, east of Lake

Tanganyika and the Great Rift Valley, and south of Lake Victoria, Mount
Kilimanjaro and the Serengeti Plains.

Mainland Tanganyika

The archeological discoveries made by the Leakey family in the
Olduvai Gorge near Serengeti revealed Tanzania to be an early cradle of
humanity. There is no lineal connection "between the ancient hominids
of the savanna and the people who later populated eastern Africa"
(Yaeger 1989: 6). The earliest fully human inhabitants of Tanganyika
came from migrations of Cushitic people from Ethiopia 10,000 years ago,
followed by Bantu people from far away Nigeria and Cameroon. Later
influxes of Sudanic, Nilotic and Paranilotic peoples gave rise to
Tanzania's wide variety of ethnic groups. By the 9th century AD, Arabs
and Persians were trading regularly along the coast. They established
island city states which came to be called Zanzibar. Arab intermingling
with the coastal Bantus produced the Swahili culture and language. The
area was briefly taken by the Portuguese in the early 16th century, but
was then conquered by Arabs from Oman who united the islands under a
sultanate. The Omani rulers of Zanzibar pushed the northern limit of
Portugese control back south to what is now Mozambique and raided the
heart of Africa for slaves. They established a slave-based plantation
economy in Zanzibar which made it into the world's leading producer of
cloves.

Under the pretense of abolishing the Arab slave trade, the British
established a protectorate over Zanzibar in the early 1800s. The U.S.
opened a consulate in the islands in 1837. It became the point of
embarkment for the European explorers and missionaries, the most famous
of whom was David Livingstone.

During the 1880s a German named Karl Peters, leader of the Society
for German Colonization, signed a series of concessionary agreements
with various Tanganyikan chiefs. The Kaiser granted Peters a charter to

form the German East Africa Company. The British responded by entering into secret negotiations with the Germans to establish a modus vivendi in East Africa, without consulting the Sultan. German control was formalized over the area south of British Uganda and Kenya, east of the Belgian Congo, and north of Portugese Mozambique and included Rwanda and Burundi. Britain retained juridical control over Zanzibar, leaving the internal affairs of the islands in the hands of the Sultan.

The Germans ran their colonies as military dictatorships. Like all the colonial powers, they forced the Africans they took under their control into the cash economy and surplus production by imposing hut and head taxes. In the drive to catch up with Britain and France, the Germans were more willing to make heavy sacrifices in their colonies to build the infrastructures needed to export primary commodities.

This was the case in Tanganyika. The Germans built a new capital city on the coast at Dar es Salaam, a road network, and two railroads, a shorter one from the port of Tanga to Moshi, the main town of the northern coffee producing region, and a second, much longer railroad from Dar es Salaam to Lake Tanganyika that spanned the width of the colony. During this period Indians who had been brought to Kenya to build the British railroad there migrated southward into German territory and gradually took over petty commerce.

German development of the colonial economy was accomplished by draconian means of land appropriation and indentured servitude. Even by the standards of the time, Peters ran a brutal charter company in Tanganyika. He committed outrage after outrage against the Africans, taking a harem of dozens of women, having men flogged to death with sickening routine. . . . In 1891 the Berlin government responded to published accounts of these gross excesses by taking over control of Tanganyika, but it left Peters in authority as civil governor.

The result was a number of uprisings, the strongest of which forced the Germans to launch two campaigns of pacification. The first was against the Hehe, lasting eight years from 1891 to 1898. The second was against the Maji-Maji Rebellion, lasting three years from 1905 to 1907. The brutality of the German scorched earth campaigns led to a public outcry, and Berlin removed Peters and appointed Albrecht Rechenberg as governor. He expanded the rights of Tanganyikans and launched programs to encourage African agricultural production and to provide for missionary education. The German settlers, however, protested against the loss of cheap labor, and much of Rechenberg's reforms were in the process of being reversed by Berlin when World War One began.

Tanganyika became the scene of fighting. The Belgians hauled the parts of a small warship by steam tractor overland through the Congo to Lake Tanganyika where they assembled and launched it to challenge German control of the lake (the inspiration for the film "The African Queen"). The German military commander, Major General Paul von Lettow-Vorbeck, conducted a brilliant guerrilla campaign with a few thousand askari African soldiers against the British who invaded from Kenya. He was still holding out when the Armistice was signed on November 11, 1918. After the German defeat, Rwanda and Burundi were turned over to the Belgians and Tanganyika to the British to rule under League of Nations mandate, and later as United Nations Trust territories.

Under the U.N. requirements that went into effect in 1945, the colonial powers were required to put the people of the trust territories on a course toward self-government. The first step was to establish internal rule. Britain was tardy in taking steps in this direction in Tanganyika. It concentrated first on economic development in the colony, which had seriously lagged since 1914. Britain introduced a ten-year development plan in 1946 that encouraged both African education

and--in response to pressure from the British settlers in adjoining
Kenya--increased white settlement. This plan was followed by another in
1955 which promised more funding for African agriculture. The British
plan received support from Eisenhower's Foreign Operations
Administration, and the first U.S. foreign aid to Tanganyika was
obligated in 1955. A third development plan was devised in 1960 with
World Bank assistance. One constant in the three plans was the policy
to increase African food and export crop production through persuasive
rather than coercive means.

When Tanganyika was converted from a League of Nations Mandate
territory to a United Nations Trust territory in 1945, and Britain was
required to show progress toward internal rule, African political
associations sprang up intent on capturing control of the process. The
principal of these was the Tanganyikan African National Union (TANU),
led by one of the country's few college graduates, Julius Nyerere. Its
platform called for independence and the abolition of the racial
divisions between Arabs, Indians and Africans, which the British--with
their abhorance of racial mixing and their theories of indirect rule--
had institutionalized. TANU gradually drew all organized opposition
groups to it, and became the umbrella for the entire independence
movement.

The British organized a political party of Europeans and Indians
to oppose TANU, that it would not have a political monopoly, and held
limited elections for a new legislative council in 1958 and 1959. Ten
of the thirty seats were reserved for Europeans, ten for Indians, and
ten for the vast majority of Africans. Only wealthy and educated
Tanganyikans were allowed to vote. Despite these disadvantages, TANU or
TANU-supported candidates won all thirty seats.

The British pursued an incremental strategy for independence. The
plan called, in effect, for government by bureaucracy, a plan the

African leaders had little choice but to accept. The British plan anticipated the gap-filling and trickle-down theories it implicitly assumed by six years. It had six points. (1) Because of a shortage of skilled administrators, the civil service would remain staffed by expatriates indefinitely. (2) Because of the complexity of development, policy would be made not by the executive nor the legislative, but by the politically neutral (and largely expatriate) civil service. (3) Because of limited resources, development projects would be conservative and aimed at the progressive farmers and entrepreneurs most likely to capitalize on them. (4) Because of the shortage of capital, the new government would encourage foreign investment.[1] (5) To head off capital flight, the European and Indian communities would retain their economically privileged positions. (6) TANU would be in charge of mobilizing support for the plan. The only role given the Tanganyikan political leadership was the unenviable task of rallying support for a conservative, inegalitarian approach to development that would not benefit the members (Yaeger 1989: 29-30).

Nevertheless, the British thought they had a strategy, and expanded the franchise and the number of seats on the Legislative Council to seventy-one, with fifty to be contested, eleven reserved for the Indians, and ten for the Europeans. New elections were held in August 1960. A protoype cabinet of ten unoffical ministers was chosen from the elected majority. Nyerere, as leader of the majority party, became chief minister, and "under his leadership swift progress was made toward independence" (Yaeger 1989: 25). Internal self-rule was proclaimed on May 15, 1961. New elections were held that year in which TANU captured all seats except one, which was won by an independent, pro-TANU candidate, and on December 9, Tanganyika became an independent country.

The islands of Zanzibar

Zanzibar followed a very different path to independence as a result of its much worse ethnic divisions. The British, who for over a century had dominated the islands externally but allowed it internal rule, established a legislative council in Zanzibar in 1926, thirty years earlier than in Tanganyika. Despite this clear advantage in greater experience with internal government, Zanzibar waded through blood to independence, and then gave it up after only five months to unify with Tanganyika.

The reason lay in the ethnic hatreds in Zanzibar that had been accidentally produced by British policy. Because of the long history of relations with the Zanzibari sultanate, Britain structured the Zanzibar Legislative Council to be dominated by the Arab minority. The problem was the traditional Arabs related to Africans as their unequals, as former slaves. The independence movement that arose in Zanzibar was less in opposition to the British than in hatred of the Arab ruling class.

The formal opposition legitimated by the British was comprised of two main groups. One, the Zanzibar Nationalist Party (ZNP), was composed of the enlightened, pro-modernization Arab opponents of the Sultan. Its most radical wing was led by a Marxist named Ahmad Abdul-rahman Mohammed Babu. In 1963 Babu would break with the ZNP and form his own party, called the Umma Party, patterned after Nasserist principles (Lofchie 1965). The second opposition group was the Afro-Shirazi Union (ASU), comprised of the oppressed peoples, both the dark-skinned Africans and the lighter, mixed-race Shirazis. The ASU was led by a waterfront organizer named Abeid Karume.

The British moved to hold the first elections in Zanzibar at the same time they were holding them in Tanganyika. They expanded the number of seats on the Zanzibar Legislative Council from twelve to

eighteen, with the six new seats to be elective, and held elections in 1957. ZNP secured none of these, and ASU only three. The Sultan and his followers, upon whom the British were bestowing the benefits of independence, maintained Arab dominance in the islands.

The two parties failed to survive in opposition. When they fell apart, in stark contrast to the solidarity of the independence movement in Tanganyika, Zanzibari politics dissolved into a swirl of ever-changing factions under alphabet soup acronyms, all driven by heightening class hostility and racial animosity.

Britain proceded as if there were nothing amiss in Zanzibar. It increased the number of seats on the Council again and scheduled elections for January 1961. These produced no majority party, and no change in the status quo. The British persisted, and scheduled another election for June. When districting gave the Sultan's loyalists a slim majority of these seats, rioting broke out in which sixty-five Arabs were killed (Clayton 1981).

In addition to the Marxist-Leninist Ahmad Babu, leader of the leftist Arabs, and Abeid Karume, leader of the Afro-Shirazi, a shadowy figure was to play a key role as the trigger of the coming revolution: John Okello. A Ugandan immigrant with a fierce hatred of Arabs who believed God spoke to him directly, Okello was the most violent minded of the three. In 1962, the year Nyerere became leader of independent Tanganyika, Okello began to form a network of Africans dedicated to the violent ouster of the Arabs. He made his closest supporters swear an oath to kill all Arabs between the ages of eighteen and fifty-five by jumping three times over a potion made of red, white and black colored stones and the blood and brains of a black cat and a black dog (Clayton 1981: 55). The Sultan's police officers, who had only recently taken over command of law enforcement from the British, were informed of Okello's preparations, but did not attach any importance to the reports.

Babu meanwhile was arranging with the Cuban ambassador in Dar es Salaam for a group of his supporters to go to Cuba to be trained in revolutionary ideology and practice. After they left for Havana, Babu helped instigate the burning of the British Information Office in 1962, for which he served fifteen months in prison. He was released just as his militants returned from Cuba sporting fatigues, Castro beards, and snapping off _Venceremos_ salutes. They made quite a splash in the Tanganyikan capital, and were to be the cause of the persistent belief in U.S. foreign policy circles that the Cubans were involved in the coming revolution (Clayton 1981: 70).

The British set a date in June 1963 for internal self-rule for Zanzibar, and held a final preindependence election in July. The Afro-Shirazi won a majority of the vote, but the Sultan's loyalists won a majority of seats. The Arab opposition and the Afro-Shirazis alike were outraged by the gerrymandered result. Nevertheless, the British invited the Sultan's supporters to form a government, and at midnight, December 9-10, 1963, gave Zanzibar its formal independence (Lofchie 1965).

It was _uhuru ya waarabu tu_, independence for the Arabs in the eyes the Afro-Shirazi, a government that would last less than two months. As his police continued to ignore reports of the activities of Okello, Sultan Jamshid commanded the people to address him as "Majesty" and, contemptuously referring to Karume as "the boatman," made it plain to the Afro-Shirazis that they were to be the subjects of the loyal Arabs (Clayton 1981: 49, 62-63).

In this seething climate John Okello launched his revolution on January 11, 1964. A group of his men awoke Karume and took him by dhow to Dar es Salaam to protect him in case of the revolution failing or Arab reprisal. The revolt was a bloody success. The Sultan barely escaped with his family. Somewhere between 5,000 and 10,000 Arabs were slaughtered. When Karume and Babu were told of Okello's plans to

include them in a revolutionary government, they sailed from Dar es Salaam to Zanzibar and landed in the midst of chaos and carnage. Horrified at the butchery occurring in the streets all over the islands, Zanzibar's leadership rallied to Karume. Babu quickly asserted control over the most radical faction, and an ill-defined revolutionary government took shape on January 24 under Karume's overall leadership, with Okello ranked twelfth on a council of thirty and thus excluded from the cabinet, which consisted of the first eleven names.

Nyerere rushed 130 policemen to help restore order and the British landed a unit of infantry. Okello did not take his demotion lightly. He had to be told to cease coming armed to council meetings, and began to quarrel heatedly with Karume over the issue of the nationalization of land, which Karume opposed. Their arguments continued through February until, worried about having such an unstable man in the ruling council, with Nyerere's cooperation, Karume and Babu invented a ruse that they were called by Nyerere to urgent conference in Tanganyika, and managed peacefully to remove Okello from the islands, ultimately to Nairobi, where he would be imprisoned (Clayton 1981).

The Founding of AID

This was the climate in which AID opened a mission in Tanganyika, the first independent country in East Africa. Kennedy's 1961 FAA incorporated the existing agency, the IOA, and the Development Loan Fund into a new bureau, the centerpiece of Kennedy's new foreign aid program, the U.S. Agency for International Development. Kennedy also created the Peace Corps and the Alliance for Progress. Peace Corps and AID were set up as semi-autonomous branches of the State Department. In all countries where they were to be active, both would maintain offices physically separate from the embassy, but the Peace Corps and the AID country directors would be under the authority of the ambassador.

The establishment of AID was less the founding of a new agency than a substantial reorganization and reorientation of a previously existing one. Three presidents would serve in office during the thirteen years of AID's 1961-1973 institution building period.

AID's planning system

From its inception, AID's strategies for Tanzania were expressed in formal plans, according to a method established on the recommendation of a group of social scientists called the Charles River Group who met shortly after the passage of the FAA and recommended that the project approach of AID's forerunners be abandoned in favor of comprehensive country programming (Packenham 1973). In the 1960s, AID's country plans were named the Country Assistance Program (CAP). They were revised on an annual basis. In 1972 under the Nixon administration the name was changed to the Development Assistance Program (DAP). The document was renamed the Country Development Strategy Statement (CDSS) in 1977 during the Carter administration. In 1989 under the Bush administration it became the Country Program Strategic Plan (CPSP), and a multiyear planning framework was established. Under the Clinton administration in 1995 it was completely revamped as the Strategic Planning Framework (SPF). In politically stable countries not experiencing some form of crisis, the planning framework is five years in time.

Initially, most U.S. foreign assistance was delivered through bilateral channels overseen by AID. In its early years, AID was the leading institution of the American foreign aid program. However, over the course of its first decade of existence, the bulk of U.S. assistance was gradually shifted from bilateral to multilateral channels. This was done to protect a larger proportion of foreign aid from the political process (Nissen 1975, Tendler 1975, Weissman 1975). AID lost its preeminence to the World Bank. From 1961 to 1970 American multilateral aid grew seven times faster than bilateral aid. While the World Bank's

loan commitments quadrupled and its personnel doubled, AID's appropriations were reduced by 20 percent and its personnel was halved (Wood 1986).

AID's personnel system

AID has three basic categories of personnel. The first is U.S. Direct Hires (USDH), permanent American employees of the federal government with full diplomatic status and perquisites. The second is Foreign National Direct Hires (FNDH), permanent foreign employees of the federal government paid at local wage rates, which in the case of Tanzania have generally been about one-tenth of American salaries. The third is contractors and consultants. These can be Americans or host country or even third country nationals. There are various types of contracts that AID awards. These range from open-ended contracts for administrative work in the offices either in Washington or in the missions, to close-ended contracts for the implementation of specific projects in the field.

The First Period: Institution Building, 1961-1973

Tanganyika began to experience racial discord after independence in early 1962, but it never approached anything like the bloodbath that would occur two years later in Zanzibar. Facing a bureaucracy dominated by Europeans whose mandate placed them outside his political reach, and an economy dominated by an Indian merchant class, at the first stirrings of ethnic hatred in the first month of the first year of independence in January, Nyerere tried to douse the flames, but found TANU to be unresponsive to his orders. The effective mobilizer of popular support for independence proved to be an ineffective instrument of central control. Many members of the TANU youth wing were rowdies who thought their position entitled them to mete out curbside justice by roughing up Indian shopkeepers and levying informal taxes on them. The left wing of

the party leadership began immediately to voice the desire of the lumpen proletariat for a share of the civil service jobs held by the British, and of the wealth of the Indian petty bourgeoisie. They managed to criticize Nyerere's moderate, non-racialist policy (without criticizing Nyerere himself) by implying that he was the unwitting stooge of the foreigners.

Nyerere took two actions to calm the fever. He "made an example of ill-mannered Europeans who continued to adopt an attitude of racial arrogance." Four persons accused of discrimination were deported. The "Star Chamber technique" opened a "political safety valve" that may have prevented an explosion of frustration such as was looming in Zanzibar, but it also scared off potential investors who wondered, if the rule of law could be set aside so blithely, what this meant for property, contracts and wage agreements (Listowel 1965: 408-409).

The second was the more serious. Facing the fierce attacks by the left wing of the TANU National Executive upon his appeasing policies, Nyerere offered to resign to dedicate himself to reorganizing TANU and to develop a governing ideology. To the astonishment of many, perhaps including himself, his resignation was accepted. Nyerere stepped down after merely two months in office as leader of independent Tanganyika, and turned his duties over to Rashidi Kawawa, a founding member of TANU.

Nyerere withdrew from public life into private reflection.[1] Kawawa set about creating an oligarchical structure based on patronage. He began by raising the minimum wage, followed that by declaring that the civil service would be Africanized, then pushed through a Preventive Detention Act which gave the state sweeping powers of imprisonment without trial, and finally produced a republican constitution that went into effect on the first anniversary of independence, December 9, 1962,

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[1]. Interestingly in the same year that Richard Nixon did likewise after suffering defeat in the California gubernatorial election.

following a national election. Nyerere came out of retirement to run for the new office of president, and was swept back into power by a huge majority.

During his eleven month sabbatical Nyerere had devoted himself to producing an official and enforceable ideology for TANU. He rejected the competitive and contractual political philosophy of Locke, and embraced the organic and consensual (and potentially authoritarian) political philosophy of Rousseau. He looked to the African extended family as the basic unit of society, and addressed a dialectic of three issues: equality, democracy and socialism. His ideas on these issues would become the core of the ideology he was to call Ujamaa. Usually translated as "familyhood" Ujamaa was to become the philosophical basis for the unique form of socialism that would be practiced in Tanzania for the next twenty years.

Nyerere accepted as a given the belief common to African subsistence farmers that the amount of resources is fixed, and proceeded from this assumption under zero-sum logic. Before colonialism it had been considered disgraceful for one member of a kinship group to have too much if another had too little. African clans had affected redistribution through moral sanction (Yaeger 1989). Nyerere thought this system could be revived and adapted to modern conditions. The whole nation was therefore to be organized along the lines of a traditional African clan.

Second, Nyerere decided that while majority rule was a noble principle, the Western version of democracy as the clash of competing interests was to be rejected. Lockean representative democracy would be eschewed in favor of Rousseauian direct democracy. Rousseau had written glowingly of the city-republics of his native 18th century Switzerland where "bands of peasants are seen regulating affairs of State under an oak, and always acting wisely" (Ebenstein 1958: 416). Nyerere thought

this system could be replicated on a larger scale in 20th century Africa, and wrote in a widely-circulated pamphlet his vision of a Tanganyikan direct democracy in which "the elders sit under a big tree and talk until they agree" (Yaeger 1989: 32).

Third, Nyerere combined the first two ideas into a vision of a distinctively African form of socialism that would work toward the ideals of economic equality and democratic political participation through the mechanisms of an ideologically unifying party. The key to achieving this future for the Tanzanian nation would be a strong single-party state.

This decision was fully consistent with the development paradigm of the day, but it raised an important question: would the superpowers leave Tanzania alone to blaze a new trail between capitalism and communism (Bienen 1967)? Nyerere was acutely aware of what he would call the second scramble for Africa, the competition between the Communists and the democracies for the loyalties of the emerging nations. He became an early and strong advocate of non-alignment and, cognizant that his vision would require enormous resources to achieve, declared Tanzania's willingness to accept assistance from any quarter as long as it was given unconditionally (Rogers 1992).

Kennedy and AID's Formative Years

John Kennedy created AID as part of an effort to distinguish more clearly between American military aid and aid for economic development. He did this in hopes that a more benevolant economic aid program would serve to support democracy in the emerging nations. The activism of his administration produced a scattershot approach to development in Tanzania. From 1961, when AID opened a mission in Dar es Salaam, to 1963 when Kennedy was killed, a total of 22 projects were launched and a total $54.1 million in new spending was obligated, an average of seven

new projects launched each year costing an average $2.5 million each, $18 million in new spending obligated per year.

Nine projects were authorized in 1961 before Tanganyika was fully independent, and $22.8 million in spending was obligated. The Mission's first country plan was written from 1961-62 and submitted in January 1963 two months after Nyerere returned to power, ten months before Kennedy's death in Dallas. The plan had two main thrusts: to improve Tanzania's physical infrastructure, its roads and urban water systems in particular; and to strengthen and build national institutions, particularly the civil service and institutions of higher learning (USAID, History, 1985). The Ford Foundation, the fat boy in the canoe, came on board in support of AID's plan to help build a new college campus from scratch in Dar es Salaam, staff it with expatriate faculty while Tanganyikans were trained, and join it to the previously established Makerere University in Kampala, Uganda and Royal College in Nairobi, Kenya in a proposed University of East Africa. The Ford Foundation also supported a program to Africanize the civil service, and made a heavy investment in institution building in Tanzania (Berman 1983).

Institution-building and gap-filling criteria were to shape the selection of AID objectives in Tanzania in the first thirteen years. At another, higher level, however, AID was guided by what one former foreign officer was to describe as the State Department "ideology of imperial benevolence" (Morris 1977: 27) and the parallel noblesse oblige of the foundations (Berman 1983: 2). The Mission's first country plan followed the orders laid down in a document entitled "Tanganyika, Department of State Guidelines for Policy and Operations." The first country plan was fully reflective of State Department ideology.

The State Department had three key objectives in Tanganyika: (1) to establish "a strong and responsible government," (2) to prevent

Communist penetration of the government and the economy, and (3) to
ensure "the continued reliance of Tanganyika on Western sources for the
major portion of its economic and technical assistance." In recognition
of the fact that the State Department objectives had no development
component, the Mission added another: "economic development of a
responsibly governed Tanganyika at a satisfactory rate" (USAID, CAP,
1963a).

The second country plan of September 1963 reaffirmed the Mission's
objectives of "continued growth of the present system of government
under moderate leadership." The priority meant "minimizing any move by
Tanganyika toward racism, the anti-West pro-Communist brand of
neutralism, authoritarian government and militarism." Of particular
concern was the "denial of sensitive areas of the government and economy
to the Bloc, and continued reliance on Western sources for the major
portion of economic and technical assistance" (USAID, CAP, 1963b).
AID's first two country plans referred to Tanzania's World Bank-devised
first and its own subsequent second national development plans, but only
to show how the Mission's objectives were in alignment with and
supportive of (but not derived from) Tanzania's national development
goals (USAID, CAP, 1963a, 1963b, 1965, 1966).

In the first country plan the Mission stated its belief, based on
the Charles River Group recommendations, that programmed planning and
implementation through "project assistance provides the best form of aid
at this time" (USAID, CAP, 1963a). AID's use of projects as the primary
vehicle for implementing its programs did not change until 1995 when,
under the Strategic Planning Framework implemented by the Clinton
administration, projects would be replaced by a poorly understood
concept called "results packages." Briefly, these are bundles of
desired results toward which all planning is inclined.

The foreign policy establishment

The U.S. foreign policy establishment in 1960 was dominated by an East Coast elite of Ivy League intellectuals, retired soldiers, and millionaires. Critics of both the left and the right would later argue that the attempt by Kennedy to align the interests of scholarship, security, and capitalism in the name of spreading the good news of democracy undermined the integrity of all three.

The ideology of the foreign policy establishment Kennedy found in place at his inauguration was wholeheartedly conservative, realist, Keynesian liberalism. The establishment's understanding of the world was based on the principles of free trade and the Truman Doctrine, its experience shaped by the lessons of the successes of the New Deal and World War II, all tempered by the sober reminder of McCarthyism. They equated Communism with Fascism and remembered how the foreign service officers who were serving in China when it was "lost" were publicly humiliated as soft on Communism and driven out of the service during the witch hunts. Confident in their worldview, scornful of public opinion, they treated foreign affairs as their private concern (Morris 1977).

The Kennedy administration transferred the leadership of Eisenhower's IOA wholesale into AID. With the great number of embassies and missions he opened in Africa, foreign service careers quickly became invested in the continent far out of proportion to Africa's strategic importance to the United States. A clientelist mentality took hold among the State Department and AID personnel who went to Africa. They developed their own "isolated and private view of foreign policy," and whenever necessary joined forces to commit "little bureaucratic deceptions to conceal the client's failures lest [they] lose what meager call they had on Washington's programs and attention" (Morris 1977: 18). AID personnel recognized the career opportunities in Kennedy's foreign aid initiative, and along with the rest of the foreign policy

establishment greeted it enthusiastically, but along with the rest of the foreign policy establishment they disdained Kennedy's desire to link aid to democracy. The old hands considered that to be overly optimistic and naive (Lyons 1994).

AID's planners in Tanzania were part of the disparaging chorus. They stated outright in their first country plan that the administration's "hopes for Tanganyika's tranquil political progress under a classic Western system of parliamentary democracy and civil rights are exaggerated." That already "political developments [had] disappointed many observers" was understandable; Tanzania was a "xenophobic. . . emerging, ill-prepared and very self-conscious nation" (USAID, CAP, 1963a).

In the second country plan submitted two months before Kennedy was shot, the Mission informed Washington anew that it would not link American assistance to democracy, but rather would "attempt to persuade Tanganyikan leaders to follow democratic processes." The Mission strongly believed that hectoring a proud and newly independent government would be unprofitable; "any attempt to relate the level of U.S. assistance directly to political objectives would be violently resented and unproductive" (USAID, CAP, 1963b). This was reaffirmed in the third country plan of October 1964, submitted after Tanganyika and Zanzibar had unified, a month before Lyndon Johnson was reelected. It stated that "any overt attempt to tie the level of U.S. assistance to political conditions would be both unproductive and resented by the local leadership we seek to strengthen" (USAID, CAP, 1964).

Although it thus eschewed political conditionality, consistent with the principle of the right of interference dating back to the White Plan, the U.S. placed conditions on its assistance to Tanzania. It simply made them easy at first. The initial condition was that the Nyerere government not become procommunist.

This was seen as a real danger at the time. "Tanganyika's desire to pursue a policy of neutrality vis a vis the world's major power blocs. . . may make the U.S. objective of preventing Communist penetration of sensitive areas difficult to attain, when confronted by a Tanganyikan desire to balance Communist and Western influences. This same attitude will tend to complicate U.S. efforts to secure Tanganyikan support for major Free World foreign policy positions." A big American foreign aid program was needed to counter the "large-scale incursion of Communist assistance and influence" that the U.S. intelligence community was reporting lest "the present leadership. . . be exchanged for another far less congenial to U.S. objectives" (USAID, CAP, 1963a).

Johnson, Union, and the Arusha Declaration

John F. Kennedy was assassinated on November 22, 1963, just four months after Nyerere's reception at the White House in July for his second meeting with Kennedy, on the only state visit to the U.S. he would ever make.

The man who succeeded Kennedy in office could not have been more different. Lyndon Johnson was unschooled, untravelled and unread (Tucker 1994: 313). He was uncomfortable dealing with international affairs, and with people from different countries. He often complained that "foreigners are not like the folks I am used to" (Goldman 1969: 447), "not like the folks you were reared with" (Lyons 1994: 247). His humble background made him deeply sympathetic to the plight of the poor, and more comfortable among foreigners of low station than suave foreign diplomats. During a tour of rural India, Johnson described to a rapt group of peasants "his boyhood experience drawing water from the well, showing how the rope occasionally slipped and burned the palms of his hands. They rubbed their palms too" (Heinrichs 1994: 27).

Johnson's background also made him crude, culture-bound and susceptible to prejudices. When television coverage of the starvation in Biafra in early 1968 began to galvanize public opinion to intervene, Johnson's lack of action drew sharp criticism from presidential candidate Richard Nixon, and unfavorable commentary in the media. After one particularly compelling television report was aired, Johnson telephoned the under secretary of state for Africa and angrily ordered him to send relief to "get those nigger babies off my TV set" (Morris 1977: 42).

Johnson's attitude toward Africa contrasted sharply with Kennedy's. To Johnson, Africa was "the farthest corner of the world . . . the place to threaten to send indiscreet officials who drew his ire." Unlike Kennedy who paid great attention to Africa and tried to assist its economic develoment in hopes of helping democracy take root there—an unpopular idea he tried and failed to force through a recalcitrant foreign policy establishment—Johnson delegated as much responsibility for African affairs to the State Department as possible and urged the European powers to accept overall responsibility for the continent. The administration wanted to avoid playing the role of "Mr. Big" in Africa (Lyons 1994: 245, 248). Africa became "the last issue considered, and the first aid budget cut" (Morris 1977: 17).

The Mann Doctrine and the "Big Lie"

Fully cognizant of his shortcomings in foreign affairs, Johnson entrusted responsibility for foreign aid policy to a fellow Texan, Thomas Mann. The Mann Doctrine, issued on March 18, 1964, pronounced what was to be for the next seventeen years the "Big Lie" of the U.S. foreign aid program.

The Mann Doctrine began mildly enough by stressing that foreign aid should be for self help, not charity, a slogan Johnson liked and used often. It committed AID to four strongly realist, conservative

objectives: economic growth, the protection of U.S. overseas investments, opposition to Communism, and, most significantly, nonintervention in the internal affairs of countries (Packenham 1973). In one fell swoop this fourth point of the doctrine abandoned the principle of a U.S. right to interference and sacrificed Kennedy's support for democracy in favor of support for economic growth and political stability (Tulchin 1994: 230). Politics was officially deemed unimportant to development. The "Big Lie" was strongly supported by the new national security advisor Walt Rostow when he took the position in 1965. The Mann Doctrine was fully consistent with Rostow's linear stage theory of development, so central to the dominant paradigm.

Revolution, mutiny and union

Two months after Johnson succeeded Kennedy in office two events in January 1964 focused attention squarely on Tanganyika and Zanzibar: the revolution in Zanzibar and the mutiny a week later of the Tanganyikan army. In the colonial era the military in Tanganyika was part of the King's African Rifles. At independence it consisted of two battalions and numbered about 2,000 men, British armed, British trained, and British officered. Although Africanization of the civil service began in 1962, it was not extended to the armed forces. By the end of 1963, there was no Tanganyikan soldier above the rank of captain. Dissatisfaction in the ranks grew.

When the Revolution broke out in Zanzibar, Nyerere ordered the first batallion, stationed in Dar es Salaam, to leave their barracks and move into the city in preparation for embarkment to support Karumbe. Instead, inspired by the success of John Okello, on January 19 the first batallion took control of the key points and communications in the city and announced a coup d'etat. Nyerere fled into hiding. Looting and violence against Indians broke out, and the mutiny spread to the second

batallion stationed in the interior, and from there beyond Tanganyikan borders to the equally dissatisfied Ugandan and Kenyan armies.

Nyerere called for help. On January 25, Britain landed commandos in Dar es Salaam from a warship lying off the coast. With little loss of life, they chased the first batallion out of the city and into the bush, and then moved out to bring the second batallion in the interior to heel. The same day the British landed, Nyerere emerged from hiding and grimly announced that the army would be disbanded and completely restructured (Bienen 1967: 366-381).

The Zanzibar Revolution had by now brought Karume and Babu to power. Babu, according to the U.S. ambassador to Kenya, was doing all he could to persuade Karume that the Americans were plotting against him, to make him believe the Communists were his only friends. He fed Karume "hairy tales" that the NASA satellite tracking station was actually a "rocket base" aimed at his overthrow, and that Zanzibar was aswarm with "CIA agents disguised as newsmen" (Attwood 1967: 156, 164).

East Germany was the first country to recognize the revolutionary government of Zanzibar and offer it aid. The People's Republic of China was the first country to move to exploit the situation in both Zanzibar and Tanganyika. Mao Zedong made a nominal $14 million loan to Zanzibar and established a $31 million military training mission in Tanganyika to carry out Nyerere's reformation of the army.

In office only two months, Johnson was hesitant to take action against the Communist inroads. He felt the best option was "to remain engaged in a low-key manner and try to demonstrate the value of good relations with the West" (Lyons 1994: 253). To this end his administration reestablished relations with Zanzibar in February (the U.S. charge d'affaires had been expelled during the revolution) and sent Frank Carlucci as the new charge d'affaires "with the difficult mission of disabusing Karume of what he'd been told by Babu" (Attwood 1967:

157).[2] When the Russians unloaded a cargo of rifles, machine guns, anti-aircraft guns and armored scout cars on March 17, Carlucci quickly concluded his task was hopeless, and on March 26 cabled this opinion to Washington (Lyons 1994: 253).

A week later the U.S. ambassador to Kenya made a statement in the press warning East African governments that the Chinese were setting up a "non-African type of regime" in Zanzibar, and urged them to be on their guard. President Karume reacted angrily, and demanded that the U.S. close the NASA tracking station. The station was moved to South Africa. Some of the equipment was abandoned and fell into Chinese hands (Clayton 1989: 107). As it was being dismantled, Carlucci attempted to disarm Karume by presenting the generator to his government as a gift (Attwood 1967: 164). It did no good. On April 16 the Zanzibar delegation to the U.N. alleged that an Anglo-American invasion was being prepared, and Karume expelled all British and American citizens (Clayton 1989).

As the U.S. press played up speculations that Zanzibar was becoming "another Cuba," Julius Nyerere moved quietly and effectively to defuse the situation. He succeeded in persuading Karume to merge Zanzibar with Tanganyika by promising substantial autonomy for Zanzibar, including a separate military, cabinet and budget, and a strong voice in the central government. On April 26 the United Republic of Tanganyika and Zanzibar was formed. The Johnson administration expressed tremendous relief and hailed Nyerere as a man who knew how to find ways for Africans to solve their own problems (Lyons 1994: 263).

A low point in U.S.-Tanzanian relations

A rift had now formed in the State Department between the Kennedy appointees whom Lyndon Johnson inherited and the foreign policy

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[2].   Carlucci would later serve as National Security Advisor and then Secretary of Defense to Reagan.

establishment. A struggle for control of the agenda had begun (Lyons 1994). In November 1964 Johnson was reelected in a landslide victory over Barry Goldwater and given a substantial majority in both houses of Congress. Then, a mere month after his triumph, a storm of vituperation was poured down on the United States by the African bloc in the U.N. General Assembly from outrage over U.S. involvement in a military operation in the Congo. It made Johnson more determined than ever to keep Africa off the agenda.

The operation which sparked the uproar was called Dragon Rouge, planned and led by the Belgians. It involved dropping Belgian paratroopers over Stanleyville to rescue about a thousand white people who had been taken hostage by a Chinese-backed rebel force. The U.S. interest lay in the fact that among the hostages were four U.S. diplomats. The Johnson administration provided the long-range aircraft for the mission, which struck on November 24, 1964 (Lyons 1994). African leaders reacted with outrage. Nyerere condemned the foray as "another Pearl Harbor." All through December the countries of the African bloc took turns criticizing the United States in the U.N. with such venom that American donations to at least one private humanitarian organization in Africa dropped substantially that year (Attwood 1967).

The tension between the U.S. and Tanzania reached its height in the winter of 1964-65. In November, the month of Dragon Rouge, the Tanzanian foreign minister Oscar Kambona released "a series of forged documents alleging a plot by the United States to overthrow the Tanzanian government" (Yaeger 1989: 70). Then in January, Tanzanian security officers recorded the telephone conversation of two American embassy officials speculating about whether they had enough "ammunition" to get a message sent from the State Department congratulating Karume on the first anniversary of the revolution. Nyerere had dismissed Kambona's earlier charges, but he accepted the tape recording as

evidence that the American plot was real, and demanded the expulsion of two officers, one of whom was Frank Carlucci.

The U.S. ambassador went quickly to explain to Nyerere that the term "ammunition" did not refer to plans to smuggle arms into Zanzibar; it was simply a slangy reference to "influence," but Nyerere was unable to withdraw the accusation lest he reveal that he had been misinformed by his own intelligence service. The Johnson administration complied, and in retaliation summoned its ambassador for consultation and asked for the recall of the Tanzanian ambassador. At that point President Kenyatta of Kenya stepped in. On February 2, 1964 he advised the Americans to try to understand that Nyerere had "too many foreigners and other people around, all spreading stories and causing trouble." Kenyatta wanted to assure the Americans that "Julius himself is all right" (Attwood 1967: 229-231).

Prelude to the reform of AID

The development-minded academics who joined the Kennedy administration made the foreign aid program too "New Deal" to suit American conservatives when they started out, and then by allowing it to become mixed up with counterinsurgency programs under Johnson, made it too "Green Beret" for the taste of American liberals (Weissman 1975: 22). The result by the mid 1960s was that AID was under fire from both ends of the political spectrum. The Johnson administration responded by commissioning the first in a series of reports on the U.S. foreign aid program that would culminate in the New Directions.

The first commission was chaired by Arthur Watson, head of IBM's world trade division. It recommended that public aid should be a catalyst for private effort, and criticized regulatory structures (such as Ujamaa) as unnecessarily discouraging to local and foreign business interests (Weissman 1975).

The next commission was formed as an indirect result of the wave of unrest that began to sweep through Africa beginning with Zaire (1960), Togo (1963), Congo (1963), and Gabon (1964). The Kennedy appointees in the Africa Bureau at State Department urged Johnson to formulate a new policy for the continent in response to the mounting turmoil. They took it upon themselves to develop a proposal they named the Strengthen Africa Program. The assistant secretary of state G. Mennen "Soapy" Williams backed it. On May 6, 1965, perhaps in an effort to force Johnson's hand, Williams cabled all the embassies and missions in Africa to announce that a new policy for Africa was being shaped with the same energy as the Great Society Program, and would soon be forthcoming. Rostow opposed the initiative, and sat on Strengthen Africa for five months, during which time Williams resigned to run unsuccessfully for the Senate, and Strengthen Africa ran out of steam (Lyons 1994). Africa was off the agenda.

The Unilateral Declaration of Independence in Rhodesia on November 11, 1965 put Africa squarely back on. U.N. Ambassador Arthur J. Goldberg took note of the ultimatum the OAU promptly delivered to Britain that it force the white regime to back down by December 15, and correctly concluded that the African bloc would now judge the U.S. on what it was going to do about white rule in Africa. Goldberg threw his support behind Strengthen Africa. That was enough to persuade Johnson to make a policy speech on the occasion of the third anniversary of the OAU.

In a brief address to an assembly of African dignitaries in the White House in April 1966, Johnson announced U.S. support for the principle of self-determination and an orderly transition to majority rule. He appointed a blue ribbon commission to study the issue, and named the ambassador to Ethiopia, Edward Korry, as chair (Lyons 1994).

The Korry Report was released in July 1966. It made four recommendations: (1) The U.S. should continue to keep its aid free of political conditions; (2) economic aid should be coordinated by the World Bank; (3) AID should reduce the number of countries it was active in to those with favorable prospects for development or a special relationship with the U.S.; and (4) the foreign aid budget should be increased. Johnson approved the plan, and then for the rest of his administration concerned himself no further with Africa (Lyons 1994).

One of the four Korry Report recommendations was not acted on. Rather than give AID an increase in funding, Congress slashed foreign aid in 1966 and 1967 to express its disapproval of the escalating war in Vietnam. With its domestic programs and the Vietnam war effort now in priority, the Johnson administration had submitted AID budgets calculated so close to the bone that the deep cuts meant hard consequences (Lyons 1994).

Senator J. William Fulbright took up the Korry Report recommendation that all American economic aid be turned over to the World Bank (Nissen 1975). AID successfully resisted this, and acted on only two of the four recommendations. First, it continued to maintain the "Big Lie" policy of noninterference. Second, in the 1967 Congressional Presentation, AID informed Congress that it was reducing the number of "regular assistance programs from the more than 30 countries now assisted to the 10 countries where development prospects are best or where there is a special U.S. interest or relationship." On the eve of the Arusha Declaration, based on its prospects for development, Tanzania made the cut as one of Africa's ten "Development Emphasis Countries" (USAID, CP, 1967).

In 1966 President Johnson announced a "New Look" in foreign aid which advocated increased U.S. contributions to the multilateral donor organizations (Weissman 1975: 24). There was by now great concern in

Congress about AID's lack of accountability and its apparent disinterest in empowering people to take control of their own development. The agency's heavy focus on big capital projects (such as the construction of urban water systems and college campuses in Tanzania) was not benefitting the bulk of the people. This led Congress to try to legislate altruistic sensitivities into AID. It revised the FAA in 1966 in a bill that required AID to concentrate on public health and agriculture. Title IX--Utilization of Democratic Institutions in Development--instructed the agency to encourage popular participation in its development programs wherever "national differences" permitted (Packenham 1973).

The AID mission in Tanzania responded to the requirement for more emphasis on social services and agriculture. New spending obligated in these two sectors quadrupled from a combined $27.3 million in 1961-66 to $110.1 million in 1967-73. The Mission did not respond to Title IX, however. AID's Washington offices were themselves uncertain what to do about it. A proposal was put forth by Samuel Huntington to create an Office of Political Development to juxtapose against the CIA, but this was not adopted. AID did form a brief-lived Political Development Division (Packenham 1973).

The uncertainty about Title IX was partly a consequence of its ambiguity. The title called for increased support for political development projects, but recognized that in certain countries such projects might be politically impossible. A conference was held at MIT in 1968 to advise AID on how to interpret Title IX. The conference was co-chaired by Max Millikan and Lucien Pye, two leading contributors to the dominant paradigm. The recommendation made was that "participation" should be defined as popular participation in economic development and its fruits, not in political decision making. The recommendation was

adopted. As a consequence, globally, AID launched few projects in political development.

Political development was most vigorously pursued in Vietnam. The AID mission in Saigon ran a Village Self-Development program administered jointly with the U.S. military advisory command (Rondinelli, 1987: 32). One of the rare global political development programs AID undertook in response to Title IX was the Legislative Services Project which affiliated legislative staffs with their counterparts in America (Packenham 1973). In Tanzania, the Mission undertook no political development projects. The "Big Lie" stayed in place. Much of the reason was due to the general confusion in AID about Title IX, but the 1967 Arusha Declaration certainly had an effect.

The Arusha Declaration

The Arusha Declaration was pronounced by Nyerere in the northern town of Arusha in February 1967. It committed Tanzania to ujamaa na kujitegemea, usually translated as "socialism and self-reliance." The declaration was an attempt to deal simultaneously with the foreign policy crises of 1964-1966, and the fact that inequality in Tanzania was growing, not diminishing.

Tanzania had experienced four foreign policy crises from 1964-1965 that harmed its relations with the West. Two of the crises affected its relations with America. They were the accusations made by Tanzania in January of U.S. plotting against Zanzibar, and Nyerere's response to Dragon Rouge in November 1964.

Union with Zanzibar in 1964 damaged relations with West Germany by default. East Germany had been the first country to recognize the revolutionary government of Zanzibar, and had moved swiftly to provide aid. West Germany's Hallstein Doctrine forbade diplomatic links with any country recognizing East Germany. When Tanganyika and Zanzibar

merged, the doctrine automatically became applicable to Dar es Salaam, and relations between the two countries cooled.

The fourth crisis was precipitated by Nyerere in reponse to the Unilateral Declaration of Independence in Rhodesia in November 1965. The Organization of African Unity demanded that Britain put down the rebellion of the white settlers by December 15. When the Labour government vacillated past the deadline, Nyerere severed diplomatic ties with Britain.

These actions all cost Tanzania substantial amounts of foreign aid, a loss that was largely made up by the Swedish government, which was drawn for ideological reasons to supporting Ujamaa (Elgstrom, forthcoming). A key principle upheld in the Arusha Declaration was national sovereignty. This helped convince AID to forego any political development projects in Tanzania and keep the "Big Lie" in place.

The Arusha Declaration attacked incipient class formation and declared official opposition to feudalism and capitalism, while rejecting Marxist-Leninist strategies of constructing state socialism through a vanguard party. By declaring all party officials to be peasants and workers, Nyerere continued to uphold the ideal of participatory development (Yaeger 1989).

Meanwhile the Chinese military training mission had rapidly reorganized the Tanzanian army along Chinese lines. By 1967 AID informed Congress that the "concept of a professional army elite divorced from politics" had been abandoned in Tanzania, and "in its place has been substituted a citizen army that can engage in nation-building projects and whose members belong to TANU and participate actively in the national life of the country and in politics." AID estimated that "Bloc and ChiCom aid programs totalling nominally over $100 million have been secured, and there is an increasing participation

by Communist technicians in developmental activities in the United Republic" (USAID, CP, 1967).

The Mission believed that Tanzania was accepting Communist assistance simply because of its "preoccupation with the political liberation of the remaining territories of Southern Africa." The possibility that Nyerere needed all the money he could lay his hands on for his project of restructuring Tanzanian society did not seem to have been considered. Tanzania was now the "headquarters of the African Liberation Committee and of numerous refugee political organizations dedicated to bringing about political and social change in their homelands" (USAID, CP, 1967). The "crucial question" in the Mission's view was "whether progress can be achieved quickly enough. . . to avoid the dangers of despair and a grasping at alternative extremist approaches" (USAID, CP, 1967).

AID budget cuts

By the mid 1960s the Vietnam War was coming under heavy public criticism in the United States. Opposition to the war grew accordingly in Congress. To register disapproval of presidential foreign policy, in 1967 Congress cut the AID budget, and in 1967 cut more deeply still, slashing $1 billion (in nominal terms) from Johnson's proposed $2.5 billion foreign aid budget for 1968 (Rondinelli 1987), still proportionately the biggest budget cut in AID history.

The effects were felt in Tanzania. Average new spending fell 89% from $18.6 million in 1963-65 to $2.1 million in 1966-68, and then another 39% to $1.3 million in 1968-69. The lean years made AID more attuned to the mood of the legislature. In the 1970 Congressional Presentation, AID's Africa Bureau declared its focus was now on "improving the quality of life for the African people" three years before the New Directions (USAID, CP, 1970).

The Tet Offensive in Vietnam in January 1968 resulted in President Johnson's closest advisors abandoning him on the war.[3] It was a crushing blow, and led to Johnson's decision in March not to seek another term. His last act in regards to the foreign aid program was to commission another study. Johnson appointed James Perkins, former vice president of the Carnegie Corporation and president of Cornell University, to chair the General Advisory Committee of Foreign Assistance Policy, and ordered him to address its recommendations to the next administration. The Perkins Report renewed the Kennedy appeal for clear separation of military from economic aid, called for increased reliance on multilateral agencies and a "streamlined successor" to the increasingly discredited AID, and a pledge of at least one percent of the U.S. GNP to foreign aid (Weissman 1975: 24-25).

Nixon, "Tar Baby" and the New Directions

Richard Nixon narrowly won election over Vice President Hubert Humphrey in the fall of 1968. Upon entering office in January 1969, Nixon was presented with the Perkins Report. Disliking its Democratic pedigree, he appointed his own commission under the chairman of the Bank of America, Rudolph Peterson. Included on the new panel was Samuel Huntington. The Peterson Report essentially "repackaged" the Perkins Report; its key change was to "dodge" the goal of a pledge of one percent of the GNP (Weissman 1975: 25).

Like Johnson, Nixon came from a humble background. Like Johnson, he had a mediocre education, but like Kennedy he was well travelled. As Vice President to Eisenhower, Nixon had come to believe that the State Department could not be trusted, that the foreign policy establishment

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[3].   Those who resigned included Secretary of Defense Robert McNamara, who then became President of the World Bank. In 1995 he published a _mea culpa_ in which he confessed to having known, even as he helped author its policies, that the U.S. effort in Vietnam would fail.

had not served Eisenhower well. Unlike Johnson who had plainly confessed his bafflement about foreign affairs, Nixon "considered himself an initiate in the mysteries" (Morris 1977: 66).

The Nixon Doctrine

By 1969 the foreign policy establishment had known for nine years that a split had taken place between the Soviet Union and China, but it was the old red-baiter Nixon who seized the opportunity this presented to free the U.S. of some of the burdens of keeping the peace. To relieve the U.S. of some of the costs of hegemony, on August 15, 1971, Nixon unilaterally abrogated Bretton Woods by ending the fixed-exchange rate, gold-dollar currency system which had allowed countries to exchange their dollars for gold on demand (Strange 1991: 114-115).

Nixon named as his National Security Advisor the Harvard professor Henry Kissinger, a man who shared the opinion that foreign policy should be conducted outside the State Department bureaucracy and shielded from domestic politics whenever necessary, even if that required lying to the public. Maneuver and the deception of friends would be essential elements of the grand design (Schurmann 1987: 37).

Nixon and Kissinger shared a near complete lack of interest in Africa. They both wanted Africa kept off the agenda in order to pursue the larger goals of extricating the U.S. from Vietnam, detente with the Soviet Union, and making an opening to China. Nixon retained Johnson's policy of encouraging Europe to take the leadership role in Africa, and paid little attention to the continent. One exception was Nigeria, where the civil war continued to exact a horrible toll. Having been an effective campaign issue for him, Biafra held an interest for Nixon during its brief and tragic existence. The other was South Africa, which the Nixon administration wished to make as close an ally as Iran, but did not dare. By 1969 U.S. civil rights organizations were adding their fire to that of the African bloc. By the end of the first decade

of development it was clear the administration would have to make a new southern Africa policy (Morris 1977: 120, Schurman 1987: 330).

The new policy emerged from an amazingly wrong-headed National Security Study Memorandum that Kissinger circulated in November 1969 that declared, "There is no hope for the blacks to gain the political rights they seek through violence" (Ungar 1993: 388-389). After a review "that was alternately childish, venomous, dull, colossally wasteful of official time, and very much the stuff of government in foreign affairs," Nixon settled on a policy of softened pressure on Portugal, "limited association" with Rhodesia and South Africa, and continued lip service in support of the principle of majority rule. Foreseeing how the initiative would be received by the African bloc, Kissinger recommended that foreign aid be increased to the front line states. The policy was adopted with little discussion. It was promptly dubbed the "tar baby option" by its critics at State who recognized "that its only real result would be to mire the United States deeper on the side of the oppressors" (Lake 1976, Morris 1977: 111-119).

A policy of detachment toward subsaharan Africa ensued as "Tar Baby" went into effect. AID declared to Congress in 1970 that it was in full conformance with the policy "indicated by President Nixon. . . our primary concerns are that the continent not be the scene of great power rivalry or conflict" (USAID, CP, 1970).

American new spending committments in Tanzania ballooned from $6.8 million in 1969 to $94.3 million in 1970 the year "Tar Baby" went into effect. The huge increase was also a response to the Chinese decision that year, after the World Bank turned the project down, to build the $1.3 billion, 1,100 mile-long TAZARA railroad linking Dar es Salaam with Kapiri Mposhi in central Zambia. The United States decided to support a project to upgrade the primitive highway to Zambia that was known to truck drivers as Hell Run. Forty percent of the $94.3 million in new

American spending in 1970 went to the $37.2 million Tanzania-Zambia Highway project 621-0091, undertaken in conjunction with the World Bank and the Swedish aid organization SIDA, a highway that ran virtually parallel with the Chinese-built railroad. This incident perfectly illustrates how realist concerns about Cold War geopolitics could dominate AID strategy-making decisions.

A second incident is one that occurred two years later, when new aid obligations in Tanzania plummeted to zero. The cause was an incident in the United Nations over the decision to expel Taiwan. Seeing that the movement to replace Taiwan with the People's Republic was gaining momentum, the Nixon administration put forward a two-China policy. The vote was taken on October 25, 1971. U.N. Ambassador George Bush delivered a last minute appeal for support for the American plan in the General Assembly, and then waited on the dais while the momentous vote was cast. When the U.S. defeat was registered, Tanzania's Permanent Representative Salim Ahmed Salim danced a gleeful jig under the eyes of Bush in front of the television cameras of the international media.

The White House released a statement two days later saying that Nixon had been shocked by the spectacle (Kissinger 1979: 784-785). On October 29 the Senate voted to kill the entire foreign appropriations bill. Senator Edward Kennedy called the vote "a completely unexpected and unforeseen coalition of five elements" including antiwar doves, isolationists, budget-cutters, conservatives angry over the U.N. vote, and "a tired reaction in the Senate to the unwise pressure to pass the bill late on a Friday evening at the end of a difficult and increasingly bitter debate" (Weissman 1975: 27). The Senate reversed itself within a week, and restored the foreign aid program for another year. (Later, as Vice President, George Bush would be instrumental in blocking Salim's appointment as U.N. Secretary General). The following year, 1972, for

the first time, AID obligated no new spending in Tanzania, to punish it for its defiance.

There were significant political events in both Tanzania and the United States that year of 1972. Abeid Karume was assassinated, and then Richard Nixon was reelected. Karume had been a problematic partner for Nyerere since the unification of Zanzibar and Tanganyika. Something of a "populist autocrat," Karume had managed to resist full integration of the two countries. He and Babu, although neither formally embraced Communism, kept Zanzibar well to the left of Tanganyika. In this context, the Arusha Declaration was less a sudden shift to the left than a move by Nyerere to adjust to Zanzibari politics. When on April 7, 1972 Karume was gunned down by a Zanzibari army lieutenant seeking vengeance for the death of his father while in detention under the Karume regime (Clayton 1981: 151-154), Nyerere was presented with an opportunity. Karume's successor, Aboud Jumbe, was college educated and much more sympathetic to the ideals of Ujamaa, and thus and more inclined to coordinate Zanzibari policy with Tanganyika's.

Six months later Nixon won reelection by a landslide over George McGovern. He made Henry Kissinger secretary of state while retaining him as national security advisor, thus vesting unprecedented power over the conduct of foreign policy in a single unelected official. This set the stage for movements by the two countries in opposite directions: Tanzania leftward toward increased radicalization and the United States toward the increasingly right wing <u>realpolitik</u> of Henry Kissinger.

Then in 1973 came the New Directions. The bill was reported out of the Senate Foreign Relations Committee over the opposition of Chairman J. William Fulbright, who decried it as a "face-lifting job" (Rondinelli 1987: 73). When the bill passed, it mandated six changes in AID strategy. (1) AID was to focus on technology and commodity transfers; (2) capital-intensive projects were to be replaced by labor-

intensive programs; (3) AID was to concentrate on food production, rural development and nutrition, population planning and health, education, public administration, and human resource development; (4) AID's highest priority would no longer be macroeconomic growth, but programs which improved the lives of the poor majority and increased their capacity to participate in their own development; (5) the agency was to begin supporting host country development plans; and (6) AID was to shift focus from public to private sector initiatives (Rondinelli 1987).

The AID mission had begun restructuring its project portfolio after passage of the 1966 FAA. Its projects to build the agricultural college at Morogoro and the university campus at Dar es Salaam and to upgrade the capital city's water system were all ended during the late 1960s. Fortuitously, their termination placed the Mission in conformance with five of the six New Directions mandates. The sixth, the mandate to place greater emphasis on private sector initiatives, could not be met. In 1973 Tanzania's private sector was coming under increased government control.

The various conflicting forces in the different political histories of the two countries in the 1961-1973 period of institution building reduce essentially to three categories. The first group was the various conflicts between and among the legislative and executive branches of the U.S. government and AID. The second was those conflicts within U.S. foreign policy circles between the "front room" liberal altruists who favored aid for humanitarian purposes and in support of democracy and the more influential "back room" conservative realists who favored aid in support of U.S. national interests and who believed political order was more important than democratic forms of government. The third category was the different conflicts between the two governments that began following the assassination of John F. Kennedy.

CHAPTER 5
REACHING THE POOR MAJORITY, 1974-1980

Paradigm Shifts in the U.S. and Tanzania

Toward Equity in American Foreign Aid

AID entered into a new era after the passage of the New Directions in 1973. For the next seven years from 1974 to 1980 the agency concentrated its efforts on reaching the poor majority. In Tanzania, where 90 percent of the population were farm families, AID began implementing programs "directly at the village level" (USAID, FBS, 1974). The change did not meet with unanimous approval in the Mission. Some staff members were extremely reluctant to abandon the institution building approach. Others questioned the wisdom of continuing to ignore the negative effects that Ujamaa was having on economic performance. Still others, part of a new generation of AID direct hires who had served in Peace Corps or had finished graduate school in the divisive era of the Vietnam war, were sympathetic to the goals of Ujamaa. While all felt liberated by the New Directions from slavish servitude to narrowly defined U.S. geopolitical interests, high consensus about what was being done was very short-lived during the second and briefest period of this study.

AID had in fact been anticipating something like the New Directions since 1970, and was already changing its heading when the law was passed. This is evidenced by the new policy from Washington that was implemented by the Mission in 1972. It stated that U.S. foreign aid loans should go "increasingly toward those countries financially capable of carrying them" and U.S. foreign aid grants "increasingly toward the

least developed" (USAID, FBS, 1972). From that moment on all, with rare exception, all American bilateral aid to Tanzania would be given as a gift. The New Directions did not cause an abrupt change in course for AID; it merely provided support for the agency's new bearing.

The new concern for equity was also penetrating the flagship of the development industry, the World Bank. The AID mandate to reach the poor majority had its parallel in the strategy to meet "basic human needs" initiated in an address by Robert McNamara to the World Bank Board of Governors in Nairobi the year Congress passed the New Directions (Wood 1986). A paradigm shift in U.S. development policy circles was clearly underway. Although of divided opinion, the AID mission in Tanzania was quick to show it understood the New Directions. "The current Foreign Assistance Act (FAA) clearly emphasizes rural development [and] the importance of self-reliance by aid receiving countries. The target group and prime recipients of aid benefits are to be the rural poor and equity and employment considerations are priorities" (USAID, FBS, 1974).

In 1972 the Mission started writing its first country plan under the new Development Assistance Program (DAP) format (USAID, FBS, 1972), but the New Directions passed the following year interrupted the process. It would take the Mission three years in all to complete its first DAP. AID planners in Dar es Salaam estimated the conversion from institution building to reaching the poor majority would take about five years. "[O]ur general strategy for the immediate future can be described as 'transitional', i.e., moving from the building of development infrastructure and a solid manpower base to more participation in actual production and the attack on poverty. We hope in about five years time to have shifted more nearly to a 'production' strategy for low income farmers" (USAID, FBS, 1974).

In his cover letter accompanying the first DAP, the ambassador pronounced the Mission to be satisfactorily "concentrated on the priorities set out in the Foreign Assistance Act, which by and large are also Tanzania's priorities. . . . The stated strategy in the DAP of using resources and institutions which we have helped to create as a means of getting more involved with small farmers and village production is, in my opinion, a sound one" (USAID, DAP, 1975).

Congress freed AID with one hand by passing the New Directions. Unfortunately, ever a contrarious body, it reined AID in with the other. One year after the New Directions, Congress passed the 1974 Budget and Impoundment Control Act. Included in the legislation was a provision to end Nixon's by then notorious use of foreign operations funds as "hidden military subsidies" (Talbot 1975: 165). The provision made the State Department the "first cabinet department subject to annual authorization for its entire appropriation" (Schick 1980: 172). Nixon signed the bill into law in a last, vain, conciliatory gesture to the Congress. When it failed to stave off the move toward impeachment, he resigned from office one month later. Thenceforth all AID activities would have to be reauthorized by Congress each year before the agency could receive its annual funds.

During the period of reaching the poor majority Congress passed over a hundred and fifty restrictions and prohibitions to reduce executive control over foreign policy (Tower 1987: 152). The combined effect of these measures on AID's capacity to plan and implement effectively was deleterious. By 1977 the Mission in Tanzania felt moved to include a section entitled "Limitations on Development Imposed by Congress and AID" in the 1977 revised country plan. In it the Mission protested "the limitations on our ability to respond to Tanzania priorities and critical development needs on a timely basis. The Mandate, while focusing AID upon the small farmer, limits our ability to

reach him" (USAID, DAP Revision, 1977). In effect, the 1973 FAA had toughened the 1966 FAA injunction against capital-intensive projects. This meant the Mission could not engage in roads reconstruction projects at a moment when its big agricultural projects were coming into full swing at sites down some of the worst roads in Tanzania. In its 1978 budget submission the Mission complained that "the present deteriorated road network prevents projects from adequately serving their target population" (USAID, ABS, 1978).

The use of the term "target population" to refer to the poor majority whom AID was trying to reach in Tanzania is curious. It better evokes images of the intended victims of a strategic bombing campaign than the intended beneficiaries of development programs. AID's military-style terminology is probably an artifact of its Second World War and Vietnam War heritage, its gung-ho Green Beret element and its official position that development is a technical problem. The use of military terminology continued into the 1990s. In the 1992 Tanzania CPSP, for example, each of the Mission's goals was classified in order of priority as either a strategic objective, an objective, a target, a subtarget, or a target of opportunity, calling to mind less images of projects of philanthropy than of waves of warplanes bombing and strafing the Tanzanian countryside.

The Radicalization of Ujamaa

Tanganyika gained independence under a development plan authored by the World Bank. During the period leading up to the union with Zanzibar, the Nyerere government devised a new five-year development strategy that met its own political objectives. Designed for the period July 1964 to June 1969, it was based on a "transformation" approach adapted from the Israeli experience of agricultural development and industrialization. The Israeli schemes proved to be prohibitively

expensive, however, and did not elicit the desired self-help efforts on the part of the people. By 1966 the idea was largely abandoned. Nyerere decided that no combination of foreign investment or foreign aid would be sufficient to achieve his vision. The appeal would now be to exhortation in support of an ideology of modernization through traditionalization (Hyden 1980). In a mix and match approach toward a uniquely African type of state socialism, Nyerere continued to accept central planning methods but continued to reject rule by a Leninist vanguard party in favor of Rousseauian direct democracy.

Tanzania's first national plan, written by the World Bank, was nullified by the Arusha Declaration. The Declaration's practical implications were first spelled out in the Second Five Year Plan issued in May 1969 for the period July 1969 to June 1974, later extended to June 1975. The second plan stressed progress toward meeting basic social needs (USAID, DAP, 1975).

Tanzania adopted Import-Substitution Industrialization strategies under its third development plan. Called the Basic Industries Strategy (BIS) in the version it took in Tanzania, it had three negative effects. First, quotas were placed on all imports. As a consequence, there were shortages of spare parts. Rural transportation systems deteriorated as road repair equipment and truck fleets slowly broke down. As the quality of the roads and the number of trucks in circulation declined, the flow of food from the farms to the cities gradually slowed, and Tanzanian reliance on food imports increased. Second, the parastatal industries proved highly inefficient. As the list of zero-quota imports was gradually expanded under the BIS, domestic production by the parastatal infant industries did not keep pace, and the availability of consumer goods decreased. Third, a black market emerged, and Tanzania began for the first time in its history to experience corruption.

The result was hoarding, both willful and inadvertent. Parastatals hoarded supplies to guard against unexpected shortages. The few remaining private firms hoarded cash to take advantage of unpredictable opportunities. All across Tanzania "involuntary inventories" accumulated due to the fact that the bureaucrats in charge of allocating imports "did not account for all the complementarities among inputs" (Collier 1991: 155, 161). The performance of the economy after Arusha failed to meet expectations. Production declined. People began to cease taking the initiative and got into the habit of waiting for the government to come solve their problems. Bitterly disappointed, Nyerere became convinced the people had let him down. Urged on by the militant left in his party, he launched two programs to radicalize the Ujamaa experiment in the early 1970s, flogging, as it were, the horses.

Decentralization

In July 1972, based on the recommendations of an American management consulting firm, McKinsey and Company, the government passed the Decentralisation of Government Administration Act to make government more responsive and efficient. It made five key changes. (1) Large numbers of government personnel were transferred forthwith from Dar es Salaam to the localities. (2) The numbers of regions and districts were increased to provide more manageable administrative units. (3) Greater autonomy was given to regional commissioners, who were also TANU leaders. (4) Local councils were formed to promote mass participation. These councils were also to devise annual development plans and submit them upward through the TANU executive committees which would consolidate them into regional plans. (5) All preexisting local government organizations were abolished, including all the original and most viable Ujamaa structures. The result was the opposite of what was intended. Tanzanian economic performance began to falter under Ujamaa as the redundant government and party bureaucracies grew and extended

deeper into national life. The number of civil service jobs grew an average of 11 percent per annum. The number of parastatals increased from 64 in 1967, to 139 by 1974, and finally to well over 400 by the early 1980s. The result was not decentralization, but "an increasing reliance on bureaucratic command techniques to impose policies from above" (Yaeger 1989: 76).

Three agencies were established to run the economy. A National Price Commission "attempted to determine around two thousand prices on a cost-plus basis without reference to the balance between supply and demand." A Board of Internal Trade was given responsibility for allocating rationed supplies, "and hence for determining who was to suffer from unsatisfied demand." Finally, a Marketing Development Bureau was set up to equalize the returns to farmers from different crops. This was to be done by paying higher prices for crops in regions deemed most ecologically suitable in "a curious twisting of comparative advantage theory." The result was untransportable surpluses in some regions and shortages in others. Within individual localities, in accordance with the instructions of the TANU leadership, the Village Councils diverted household labor into communal activities. This labor came disproportionately from poor households, thus constituting a regressive tax (Collier 1991: 158-159). These negative economic effects were the consequence of programs that were politically very useful to local leaders. The power to ration provided them with valuable patronage.

Villagization

In seeking to account for the decline in the economy, Nyerere put the blame squarely where it didn't belong, on the peasants. On November 7, 1973 the president, who liked to be referred to as _mwalimu_, or teacher, abruptly changed from kindly school master to strict disciplinarian and declared that "to live in villages is an order"

(Yaeger 1989: 76). The result, called ujamaa vijijini, was the compulsory relocation of five million rural Tanzanians into 8,500 Ujamaa villages, the largest state-directed resettlement of people in the history of Africa (Hyden 1980: 130).

In addition, Nyerere reorganized the party. Aboud Jumbe of Zanzibar, college educated and nearly Nyerere's age, was much more sympathetic to the ideals of Ujamaa than Karume had been. He consented when Nyerere recommended merging the Zanzibari and Tanganyikan parties. In 1977 the Tanganyikan African National Union and the Afro-Shirazi Party united to form Chama Cha Mapinduzi (CCM).

Famine and the Ford Administration

When Nixon resigned in August 1974, Gerald Ford succeeded him in office with a popular image as "a regular guy. . . 'superbly average . . . like Ike.'" After Johnson's crude folksiness and Nixon's paranoid secretiveness, Ford was greeted with a "national sigh of relief" (Green 1995: 32, 34). Like Johnson, Ford was inexperienced in foreign affairs. Like Kennedy, he would make no doctrine. One of his first decisions as President was to retain Henry Kissinger in his dual roles as secretary of state and national security advisor.

Crisis in Africa

The years 1973 and 1974 were hard ones for much of Africa. A drought in the Sahel and in Tanzania, combined with the effects of the oil price increases by OPEC following the 1973 Yom Kippur War, produced near famine conditions in six countries. Tanzania appealed to the U.S. for emergency food aid in 1974, but the request was not acted on for a full year. The animosity of much of the world toward U.S. foreign policy was souring the mood of the new administration. In office just over one month, Ford warned in a speech to the General Assembly on

September 24, 1974, "It would be tempting for the United States--beset by inflation and soaring energy prices--to turn a deaf ear to external appeals for food assistance." A U.N. sponsored conference on world hunger was held in Rome in November of that year. The bellicose Secretary of Agriculture, Earl Butz, left for the conference promising that the U.S. delegation was not going with any intention of delivering a "bag of goodies." At the conference he admonished the pleading delegates from the nations facing famine, "Let's not get hysterical." He informed them the solution to their problems lay in "the proper incentive--profit" to motivate producers. "Farmers produce food, not governments. Farmers produce food, not world conferences." In case anyone did not get the point, Butz stated to the press, "Food is a weapon. It is now one of the principal tools in our negotiating kit" (Talbot 1975).

Here was a clear indication of the predominance of the "back room" realists during this period of time. This was an America no one had ever seen before, America the unbeautiful. The Nyerere government was able to rally internal support and increased external aid by pointing to these belligerent, ugly statements by the leader of the Free World. Events in Angola added fuel to the fire.

War in Angola

Following the Portuguese coup in April 1974 and the announcement by the new regime of a timetable for the independence of Portugal's colonies, Kissinger began secretly funding an anti-Marxist faction in Angola. This set in motion a series of events--the invasion of Angola by Zaire and South Africa and the arrival of a 15,000 man Cuban expeditionary force backed by Russian logistics--that engulfed Angola in civil war.

A total of $73.2 million in covert U.S. assistance was provided to the anti-Marxists from July until November 1975, when the operation,

code named FEATURE, came to light. Congress thought it was seeing another Vietnam taking shape before its eyes and moved to assert control. To allay the ensuing storm of criticism, Ford replaced Kissinger with Brent Scowcroft as national security advisor, but retained him as secretary of state. To prevent ill effects from simultaneous revelations about CIA subterfuge and assassinations being made by a commission chaired by Senator Frank Church, Ford made George Bush director of the CIA.

In December 1975 the Senate passed an amendment to the defense appropriations bill, introduced by Senator Dick Clark, that would terminate FEATURE. The House passed it in January 1976, and Ford, able to count more than enough votes in Congress to override his veto, reluctantly signed it into law in February. It was "the first time a covert action had been stopped by order of Congress" (Greene 1995: 113-115).

The Nyerere government denounced the U.S. actions in Angola and announced plans to provide Soviet-run training bases for the Angolan Marxists in response (Stockwell 1978: 202). Kissinger reacted with alarm to the prospect of a superpower confrontation in East Africa, and immediately opened negotiations with Nyerere to halt the escalation (Crouch 1987: 162). As U.S.-Tanzanian relations reached bottom, the Ford administration cut new project spending obligations in Tanzania from $26.7 million in 1975 to $547,000 in 1976.

Most of the new spending in 1975 was in the form of a humanitarian $24.4 million loan of food and cash for balance of payment support to avert famine. Only $2.3 million went to new development activity that year. The loan was a rare and dramatic instance of front room altruism overruling back room realism in a funding decision; it reversed the realist policy of reducing aid to the Nyerere government. But it also,

ironically, contradicted the altruist policy of providing only grants to Tanzania.

The Election of 1976

Ford was challenged for the Republican nomination in 1976 by Ronald Reagan, and narrowly won. In the campaign against Jimmy Carter, he was unsuccessful in shaking off the image Reagan had hung on him as weak and indecisive in foreign affairs. A gaffe in a debate with Carter in which Ford implied that Poland was not under Soviet domination contributed to the impression, and helped send Ford to defeat at the polls (Green 1995).

In the combined final seven months of the Nixon administration and Ford's two-and-a-half years in office, AID obligated a total of $35.7 million in new spending in Tanzania. The three-year average of $12 million was one-third the $33 million average under Nixon, two-thirds the $18 million under Kennedy, and one-third more than the $8 million under Johnson. If the 1975 loan is removed from the calculation, the figure falls to $6.1 million in annual new spending, making Ford and not Johnson the stingiest provider of aid to Tanzania.

The Heyday of Integrated Rural Development

The conditions that the U.S. placed on its aid to Tanzania changed after the New Directions from requiring that the government remain non-procommunist to requiring that Tanzania demonstrate it was sufficiently poor. This was easily done. The ambassador, in his forward to the 1975 country plan stated that "Tanzania has the dubious distinction of qualifying as a Relatively Least Developed Country (RLDC), and a Most Seriously Affected Country (MSA). Its need for assistance therefore leaves no doubt" (USAID, DAP, 1975). Three years later a team of

consultants affirmed "Tanzania is well within the 'benchmark' definitions of the poor majority" (USAID, Appraisal, 1978).

Aside from the negative condition of its poverty, the growth in Nyerere's international stature as a consequence of his continuing support for the liberation struggles in southern Africa provided a positive justification for continuing American aid to Tanzania. In 1974 the Mission reported that "Tanzania is the refuge and headquarters of 'Freedom Fighters' (especially Frelimo) and President Nyerere probably influences the leaders of these groups. Moreover, Dar es Salaam is looked upon as a sort of intellectual capital of 'progressive' Africans and others of African descent. . . . President Nyerere assumes the role of intellectual godfather in this regard" (USAID, FBS, 1974).

Furthermore, the big long term integrated rural development agricultural projects had locked the Mission into substantial streams of annual spending. Although new spending obligations were steadily being cut as U.S.-Tanzanian relations declined, actual spending increased, as Table 1, below reveals.

Table 1. New Obligations and Net Receipts to Tanzania, 1973-1977.

Year	New	Net
1973	53.1	27.1
1974	8.4	24.7
1975	2.1	73.3
1976	0.6	72.3
1977	0.9	59.8

Figures for "total receipts net" from the U.S. to Tanzania are from Cancian (1986) used in Collier (1991).

By 1974 it was known within the development community that integrated rural development (IRD) projects generally did not work in Africa (Lele 1974), largely because of their bias toward blueprint planning. The lessons of Etawah in India, which had shown how crucial an open-minded, problem-solving, eclectic planning framework was to successful integrated rural development, were not applied. The failure of the IRD projects

that AID undertook in Tanzania was due to a top-down bias not included in the original.

Two projects serve to illustrate: the Masai Livestock and Range Management Project, number 621-0093, lasting from 1971-1980, and the Livestock Marketing Development Project, number 621-0122, lasting from 1973-1982. A consultant who had been in Tanzania at the time recounted to me the clash between the U.S. agricultural specialists and the Masai of northern Tanzania that occurred when the two projects came on stream.

> A lot of the project people, they came in and treated everything as a technical problem. The Masai Livestock and Range Management Project was the most progressive, forward-thinking project of the day. It had everything, audio-visual training programs, cattle dips, watering holes, veterinarians, roads construction, marketing and extension services. That's what they thought IRD was: anything and everything, but with all their careful planning, they forgot one thing. The Masai have one crucial issue so fundamental to them everything else pales: access to land. They have struggled and failed to maintain access to land. Their land has shrunk. The government just thought of them as these people with big ears who smear smelly stuff on their bodies. They were an inconvenience, in the way of modernization. The Masai viewed this project as their way of getting title, of gaining land rights. But the project couldn't do that because by then all the land in Tanzania belonged to the state. There were no land rights. The Masai had a set of expectations, but the project personnel saw it as a technical problem. It wasn't. It was a radical departure of cultures. It failed [because] nobody had talked to the Masai. . . .
> The Livestock Marketing and Development Project implementing team came from Texas A&M. They said to the Masai, "You've got all these cows just walking around. You should market them." They didn't understand that for these people, cows are wealth. Telling them to sell their cows is like going to an American homeowner and saying, "Look at this big house you're living in. You don't need all this space. Let's dismantle your house and sell the material and you can go live in a rented apartment." Their approach collided with cultural values. They just didn't get it.

The encounter between cattlemen from Texas and Masai pasturalists is humorous to imagine, and would have been downright funny if not for the cost of the failures; the constant dollar price tags of the two projects were $13.6 and $10.8 million respectively. The result of the failure of IRD, in Tanzania as elsewhere, was that the economists finally began to look at politics (Lele 1991).

The Conflict Within the Mission Over the "Big Lie"

The influence of the Tanzanian government on AID planning had been extremely limited up until 1975. AID had always accepted the broad sectoral objectives called for in each of Tanzania's national development plans, but had never invited Tanzanian participation in AID planning. In 1975, following the recommendations of the decentralization plan designed by private American consultants, the Tanzanian government took a more active role. It asked each of the major donors to finance a regional development study "with the implication that donors would subsequently finance a comprehensive regional development program for that region." In the case of AID, the government suggested Arusha Region, given AID's ongoing involvement in the area (USAID, Appraisal, 1978). Tanzania allowed the donors nine months to submit the study. The Mission replied that it could not possibly obtain the necessary approval, recruit staff and prepare the plan in such short notice, and the government withdrew its request (USAID, DAP, 1975).

From the day it opened its doors in 1961 the Mission in Tanzania was among the top ten AID programs in Africa, but by the 1970s it had become small compared to the other donors in the country. Tanzania was benefiting from an unprecedented aid boom (Collier 1991) from countries such as Sweden that shared Tanzania's disgust with U.S. foreign policy. The $24.7 million in net U.S. receipts to Tanzania in 1974 amounted to less than five percent of the total $609.8 million in foreign aid that Tanzania received that year, forty-one dollars for every Tanzanian man, woman and child (USAID, Conceptual Framework, 1976), a substantial sum of money in a country where the per capita income was a little over three hundred dollars (USAID, CP, 1976). Self-proclaimed self-reliant, Tanzania was on its way toward the highest level of aid dependence in the world (Mukandala, forthcoming).

Even had it wanted to undo the "Big Lie," the comparatively small size of its program did not give the Mission much leverage to use on so grand a figure as Julius Nyerere. "[E]ven large donors would get nowhere with roughshod approaches to influencing actions contrary to TanGov's program. . . . Success in this regard of any medium-size donor like ourselves would be even more remote" (USAID, DAP, 1975). This assessment was reaffirmed a year later. Because AID was "well down the scale" in the amount of aid it was providing, the "basic political, economic, and social policies of Tanzania are not likely to be significantly influenced by U.S. assistance. This means that the U.S. role must be a relatively limited one and that assistance cannot be used for purposes of 'leverage' on basic policy" (USAID, Conceptual Framework, 1976).

The policy of noninterference begun under Johnson and sustained by Nixon remained in effect during the Ford administration. The "Big Lie" stayed in place. The effect of flawed policies, corruption and malgovernance in developing countries was to be ignored. The Mission's 1975 country plan reported that its "strategy has involved no major confrontation with Tanzanian policies because, nearly without exception, the projects supported have been policy neutral" (USAID, DAP, 1975).

By the time of the American bicentennial in 1976, in the eyes of Tanzania and many other countries of the world, the United States had fallen in status from champion and defender of democracy to chief apologist for right wing dictatorship. The rancorous criticism its foreign policy was drawing from abroad and from within the Congress provided even more reason for AID to cling to the pretense that development was apolitical. A 1976 consultant's report advised the Mission that in light of the importance of the agency being "credibly defended" against political attacks from the right and the left, to the greatest extent possible "programs selected should be technical and professional in nature" (USAID, Conceptual Framework, 1976).

Having to maintain the "Big Lie" in the context of Ujamaa, combined with the poor performance of the big IRD projects, slowly destroyed the Mission's confidence in what it was doing. Coordination with the Africa Bureau began to slip.

Within AID there were islands of doubters about the new strategy of reaching the poor majority, people still loyal to institution building. Some were posted in Dar es Salaam. This is apparent in a statement included in the 1975 country plan. "The question is whether this posture is the one to continue. In many respects the preparatory or institutional development strategy remains valid" (USAID, DAP, 1975). In the 1977 budget submission the Mission Director wrote, "this wading into village development must, under the new directives [sic] be taken as experimental" (USAID, ABS, 1977). As late as 1978 the Mission was still "reluctant to abandon its original 'transition production strategy' until it completes its agriculture infrastructure and institutional development objectives" (USAID, Appraisal, 1978).

The division in opinion in the Mission deepened as Tanzania's economic situation worsened. Realists thought they saw a causal relationship between the crisis and Ujamaa. They wished to use American aid for leverage as a brake on Tanzania's radicalization. As early as 1975 some were advocating that AID "try to influence policies and decisions in view of contributions being made," but the majority opinion in the Mission was that it would have been futile to try. "While Tanzanians are open to suggestions and are decidedly pragmatic on many issues, they have their own model of development" (USAID, DAP, 1975). Tanzania continued to deny "donor involvement in policy issues" (USAID, Appraisal, 1978).

The question of what attitude to take toward Ujamaa split the Mission in two. There was a new generation of high-minded AID officials coming in, ex-Peace Corps volunteers and newly-minted Ph.D.s who believed

in the strategy of reaching the poor majority, hated Kissinger's conduct of policy, and were drawn to the Nyerere vision. They could see Tanzanian socialism as an appropriate response to an unfair world system, and wanted if for no other reason than intellectual curiosity, for the sake of experiment, to give it a chance. They found congruence between the broad goals of Ujamaa and the New Directions. In his forward to the 1975 country plan the ambassador himself wrote, "The dedication to equity among its citizens and current emphasis on food production bring Tanzania in close alignment with our own Foreign Assistance Act. Moreover, the direction and style used by Tanzania in pursuit of its development goals (including its concept of Ujamaa villages), while undoubtedly controversial, are nonetheless clearly stated and widely understood" (USAID, DAP, 1975). The New Directions justified Tanzanian skepticism about reliance on free market forces. "AID's new directions indicate that many LDC economies have not functioned automatically to the advantage of the poor" (USAID, DAP Revision, 1977). Tanzania's belief that it "does not receive a fair return for sales of its products abroad" justified its view "that the developed world, with the U.S. in the lead, should take the initiative to right the wrongs and inequalities in the present international economic structure" (USAID, CDSS, 1979).

Some seemed positively smitten by Ujamaa. A team of consultants came away from Tanzania "convinced that Nyerere is one of the most creative thinkers on the subject of development in the world. We believe the effort. . . is one of the most important experiments in the world . . .more impressive than the Chinese model. . . a successful and 'authentically African' model of development" (USAID, Conceptual Framework, 1977).

In supporting Ujamaa, however, AID's liberal altruists relegated themselves to staying in the trap the conservative realists were now trying to get out of. To support Tanzania's social experiment required

the altruists to support, because Nyerere asked them to, the principle of national self-determination. This barred them from considering the relationship between the policies of Ujamaa and the performance of the Tanzanian economy. In supporting Ujamaa, the liberal altruists in the Mission took over the job of maintaining the "Big Lie."

To the conservative realists, the policy of noninterference was no longer tenable in Tanzania. "Questions are sometimes raised as to whether, given the divergences between U.S. and Tanzanian political and economic policies and differences on specific political questions, assistance should be provided at all" (USAID, Conceptual Framework, 1976). The realists thought Ujamaa contradicted the New Directions. Tanzania's "attitudes toward private enterprise, individual freedoms and expropriation of private property are contrary to Congressional and AID criteria and are factors that mitigate against closer U.S.-Tanzania ties" (USAID, Appraisal, 1978). The realists believed Ujamaa was the cause of Tanzania's worsening economic situation. "Market forces, which it was assumed would regulate equity in LDCs, even if indirectly, in Tanzania are partly controlled or far too weak as a regulating device" (USAID, DAP Revision, 1977). It was impossible to ignore the effect of politics in Tanzania any longer. The realists doubted the wisdom of providing aid to "a country where donor coordination is discouraged and where AID does not have access to bilateral dialogue on macroeconomic considerations and major development policy issues" (USAID, Appraisal, 1978).

The result was "confusion. . . as to what sort of AID programs are appropriate within the Congressional mandate" in a country where the majority of the population was poor and "the government appears dedicated to doing something about it [yet] has been one of the most severe critics of U.S. foreign policy" and envisioned "the eventual disengagement of its economy from that of the industrialized West" (USAID, Appraisal, 1978).

The fact that AID writes its major reports by committee ensures that different viewpoints are worked into every major document. Thus the confusion that reigned during the mid-1970s is reflected in the tangled language of a key passage in the 1977 revised country plan.

> To meet AID's new directions, it is clear that development programs. . . must be shaped by public management and given the support needed to reach the poor majority. This raises very interesting implications for programming inasmuch as emphasis on equity paradoxically diverts at least some attention from questions about national production, and per capita output to questions about the extent of poverty, inequality and whether the poorest people are being served. These latter questions, in turn, raise queries about how well institutions (government bodies) and delivery systems work on behalf of the poor (USAID, DAP Revision, 1977).

The embassy, the chief conduit for realist policies eminating from the back room where the prime directive is to defend American interests was involved. It "insisted on a modest U.S. presence in Tanzania based primarily on the 'show of interest' rationale and sufficient to provide an entree to diplomatic dialogue." This meant the embassy "quantified the AID role in terms of aid levels and USAID staffing" (USAID, Appraisal, 1978).

The effect of division of opinion about Ujamaa was to produce a deadlock in Mission planning. The final country plan submitted under the Carter administration acknowledged as much. "The history of AID's attempts to develop its economic assistance strategy for Tanzania amply demonstrates the difficulty of achieving, within U.S. foreign assistance circles, a consensus on why we should be providing assistance, what form U.S. assistance ought to take, and what the levels ought to be. There are those who favor Tanzania's self-reliance with equity philosophy and there are those who fault its lack of pragmatism" (USAID, CDSS, 1981). This was the fundamental divide.

Carter and the Uganda War

The 1976 election ended eight years of Republican control of the White House and returned a heavy Democratic majority to Congress. The

Mission realized that the newly unified government was likely going to make significant changes in U.S. foreign policy, and proposed that a major strategy review session be held in Tanzania in early 1977 to be attended by high level officials from Washington. The Africa Bureau agreed to a review session, but did not agree to holding it in Tanzania, and recommended instead that the new strategy be "hammered out" in Washington. The Mission "declined the invitation, believing with considerable justification that such a strategy session should take place in Tanzania" (USAID, Appraisal, 1978). Incredibly, the dispute about where to meet could not be resolved, and no strategy review session was held at all. The Mission instead was told to revise the existing country plan, a task it would complete by the end of the year. The Mann Doctrine policy of noninterference ended in 1977 when the newly elected Carter administration announced U.S. support for human rights and put teeth in the long-standing but ineffective U.S. advocacy of majority rule in Africa.

The Carter Doctrine

Jimmy Carter's politics had elements of three traditional southern political traits--Bourbon, Whig, and Populist--which he combined with a deeply held religious creed (Hargrove 1988). In his presidential campaign he emphasized the breech of faith with the American people that had occurred under Republican rule, and portrayed himself as someone who could be trusted to restore open government. "I will never lie to you" was a theme of his campaign. He believed U.S. foreign policy was "stalemated on the level of power and excessively cynical on the level of principle" (Brzezinski 1983: 81). He was especially critical of the secretive conduct of foreign policy by Kissinger, and pledged to restore basic moral principles to U.S. foreign policy. His administration made improved human rights a condition for receiving U.S. aid.

The Carter Doctrine not only restored the principle laid down by the White Plan by reversing the Mann Doctrine policy of noninterference, it ended "Tar Baby" by making the peaceful transformation to biracial democracy in Rhodesia and South Africa a U.S. policy goal. The new administration gave Africa its most prominent place on the agenda since Kennedy. Carter made the first presidential visit to Africa since Kennedy to support the new democracy in Nigeria in 1978. His appointment of Andrew Young as the first black U.S. Ambassador to the U.N. was intended as a symbol of concern with Africa (Moens 1990: 95).

The violation of human rights or inordinate levels of defense spending by a government were both causes for suspension or reduction of American aid (Brzezinski 1983). In reducing support for right wing authoritarianism, in cutting aid to governments such as the Shah of Iran, the Somoza regime in Nicaragua, and Ian Smith in Rhodesia, the Carter administration restored a portion of the Kennedy vision of a foreign aid program in support of democracy, but inconsistently so.

The sanctions contained in the Carter Doctrine were not applied in some states in Africa such as Zaire. In the case of Tanzania, the population was resettled in Ujamaa villages by the time Carter took the oath of office; there was only the aftermath of human rights violations. The Mission thus was able to report that "neither political human rights problems nor the level of defense expenditures require [sic] special treatment or restrictions in AID programs" (USAID, ABS, 1978).

The Carter Doctrine, while more principled than the Nixon Doctrine, nevertheless was not otherworldly. Carter was not blind to realist concerns, nor averse to strategic thinking. This explains the inconsistency in the administration's application of the doctrine. Carter turned a blind eye on Tanzanian human rights violations because he needed Tanzanian support for his new policies toward Rhodesia and South Africa. The AID mission was thus required to continue to treat

Tanzanian development as if Tanzanian politics did not matter. The "Big Lie" stayed in place. In 1979 the ambassador enthused, "We are to a rare and happy extent free to make our development decisions for development reasons" (USAID, CDSS, 1979).

The changes the Carter administration made to foreign policy were all cast at a very high level; they did not touch AID's standard operating procedures, although the planning document was renamed, and AID's place in the hierarchy was reorganized under a plan developed by Senator Hubert Humphrey in the last days of his long career. The CDSS was not significantly different from the DAP, and the Humphrey reorganization plan was never fully implemented. Even though control of the agenda changed hands with Carter, at the ground level in Tanzania, there were no major changes made.

The Mission sent in a progress report. Noting its previous emphasis on capital projects such as "constructing the highly visible Tan-Zam highway," it reported the plan was now "to focus more on small farmers and livestock growers. . . to reach out to villages. . . from the cities and campuses" (USAID, DAP Revision, 1977). Reaching the poor majority was the dominant strategy, equity the new paradigm, and all the Mission's objectives now inclined in that direction.

Yet confidence was low. There was doubt and indecision within the Mission about how exactly to reach the poor majority in Tanzania, and whether in fact it was wise even trying to do so under Ujamaa. Worse, a team of consultants found an "absence of a constructive and imaginative dialogue" between headquarters and the field, "particularly in terms of what constitutes conformance with the AID Congressional Mandate." In the view of the Mission, the Africa Bureau interpreted the New Directions quite narrowly and reduced the Mission's discretion, yet it played no positive role in formulating an appropriate and focused strategy for Tanzania. For its part, the Bureau was "uneasy" about the

internal consistency of the Mission's strategy. It feared that the Mission was spreading itself too thin (USAID, Appraisal, 1978).

New commitments to aid for Tanzania increased under Carter. As they did, relations between the countries thawed. Realists in the Mission opposed the increase. In their view

> Tanzania has been a thorn in the side of the U.S. at the UN and in other international fora and constantly vilifies the U.S. in its press and public statements. . . . It attacked the U.S. as the chief exploiter of the Third World, on the one hand, but accepted U.S. assistance on the other, in the belief that aid is an international tax, the price of prior exploitation, which the industrialized countries owe to the Third World" (USAID, Appraisal, 1978).

Nevertheless the U.S. increased new spending in Tanzania from $940,000 in 1977 to $29 million in 1978. The realists' opposition to Ujamaa was overruled by a higher realist purpose of securing Tanzanian support for the administration's new southern Africa policy.

The increase in aid had the desired effect. In his introductory statement accompanying the 1978 country plan (the first written under the new CDSS format of the Carter administration), the ambassador was pleased to note "the sharply improved atmosphere of US-Tanzanian relations" and supported the increase in aid. "It is appropriate that this improved atmosphere be reflected in an expanding assistance program." The ambassador was less enthusiastic about Ujamaa, however he acknowledged that reaching the poor majority in Tanzania would have to "take place within their own social and political framework and, whether we like it or not, that framework is socialist (USAID, CDSS, 1978).

The conservative realists in the Mission did not like it at all. They believed it was a mistake to support Ujamaa. The liberal altruists were equally firm in their belief that Ujamaa was a justifiable response by a developing country to an unfair world system. The result of the division in opinion was a deadlock. By 1978 the Mission was having trouble articulating "a coherent and focused program in which goals are quantified and a relationship is drawn between strategy, activities and

accomplishments." Mission planning had become "patchwork." The result was "a drift in strategy, and an attempt to fashion a 'program for all seasons'" (USAID, Appraisal, 1978).

In this new climate the Nyerere government renewed its request for U.S. support for a comprehensive regional development plan for Arusha Region. This time the request went through. The Arusha Regional Planning and Village Development Project was approved in 1978. Its $24.2 million price tag made it the biggest integrated rural development project attempted in Tanzania, and accounted for fully four-fifths of the $29.0 million in new project spending obligated that year.

During Carter's four years in office AID obligated a total of $83.0 million in new spending in Tanzania. The $21 million average was less than the $33 million under Nixon, but more than the $18 million under Kennedy, the $12 million under Ford, and the $8 million under Johnson.

War with Uganda

Idi Amin Dada came to power in Uganda in a coup on January 25, 1971 that toppled the increasingly brutal and leftward-leaning Milton Obote. Amin was initially greeted as a liberator by the Ugandans. His popularity soared after his decision in 1972 to expel all Indians from the country and appropriate their property. But Amin gradually revealed himself to be even more brutal than Obote. He tortured and killed with impunity, ran the economy into the ground, and built the Ugandan military into the largest army in East Africa.

All of Uganda's neighbors found it prudent to maintain tolerant attitudes toward his regime, save Tanzania to the south. Julius Nyerere was the only leader willing to stand up to Idi Amin. The result was a series of incidents along the narrow territorial boundary between the countries beginning in 1972. After the first one, which amounted to

nothing, they occurred with such frequency that Nyerere came to believe they were all bluff and bluster.[1]

The war began on October 9, 1978 when a small motorized detachment of Ugandan soldiers crossed the border into the Kagera Salient, the thin wedge of Tanzanian territory north of the Kagera River and west of Lake Victoria, entered the village of Kakunyu and burned two houses. Tanzanian forward observers spotted them and called in artillery fire that destroyed one armored personnel carrier, one truck, and killed two Ugandans.

The war was on. The Chinese-structured Tanzania People's Defense Forces (TPDF), which AID had approvingly deemed adequately underfunded a year earlier, was about to fail miserably the first time it was called upon to defend the nation's boundaries.

On October 25 the Ugandan commander, Lieutenant Colonel Maranji, launched his full invasion force. It was a timorous attack on a single point, and was driven back by artillery. Tanzanian losses were one soldier slightly wounded. On October 27 the Ugandan air force bombed the town of Bukoba, sparking a mass evacuation by the civilians that clogged the roads southward with refugees carrying all their possessions and driving their cattle before them. The Tanzanians shot down one Ugandan Mig. On October 30 Maranji renewed the attack at four points and routed the Tanzanian defenders. The Ugandan soldiers entered the Kagera Salient and began an orgy of rape, pillage and murder. Approximately 1,500 Tanzanian civilians were killed.

Only now with the reports of the destruction of the 202nd Brigade and the loss of the Kagera Salient did Nyerere react. He summoned his high command under Lieutenant General Abdallah Twalipo. On October 31 Radio Tanzania announced that Tanzania had been attacked by Uganda.

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[1]. The following account is from Avirgan and Honey (1982).

The TDPF consisted of four brigades when the war broke out. Of these, one was now destroyed and only one of the remaining three was combat ready. It was the Southern Brigade, consisting of 4,000 men, light tanks and artillery, stationed unfortunately in the distant southwest corner of the country. The brigade was ordered to the front on a march over an unpaved road through mountains to the Chinese-built TAZARA Railroad. From there it was boarded onto cars and shipped northeast to Dar es Salaam, then transferred onto the central rail line and moved to the town of Mwanza on the southern shore of Lake Victoria. The brigade had to march around the lake. It was the rainy season, and the long-neglected roads in this remote region were a morass. It was a nightmare march completing the last stretch of the 2,200 kilometer movement. Upon its arrival, the weary brigade was broken down into cadres around which new brigades would be formed.

On November 5, the six foot four, two hundred forty pound Idi Amin publicized a challenge to the slight, elderly Julius Nyerere to a boxing match to settle the war. Amin promised to fight with one hand tied behind his back to give Nyerere "a sporting chance." By now artillery from both armies were exchanging fire day and night from opposite banks of the Kagera. On November 14 a Tanzanian scouting party crossed in small boats. They met no resistance, and crossed back. Amin promptly announced that he had turned back a Tanzanian counterattack, and that its routed soldiers had been eaten by crocodiles. Amin's buffoonery about presidential boxing matches and crocodiles devouring the war dead gave the Western press a field day in speculation covering the limited reports of the war that got through Nyerere's close censorship.

Nyerere's government purchased a Bailey bridge kit in London and had it rushed to the front. While it was en route, the Tanzanian commanders brought forward a Chinese pontoon bridge capable of supporting small trucks and artillery, but not the tanks. The bridge

was thrown in the early hours of November 19. At dawn a Tanzanian unit
crossed to clear the minefield. On November 20 Tanzanian scout forces
crossed into the Kagera Salient. They were surprised to find it
abandoned. Terrorized civilians flocked to them in relief from their
hiding places in the woods and told them that Amin's men had gone back
into Uganda. On November 22 the scouts reached the border, and on
November 23, when it was certain the Ugandans had in fact withdrawn, the
main body of infantry and artillery crossed into Kagera and moved up to
the border.

Nyerere visited the front. His commanders convinced him that the
salient would never be secure as long as the Ugandans occupied a heavily
defended airfield just across the border. Nyerere made the decision to
invade Uganda on the spot. The TPDF would spend the next two months
preparing the campaign, which was launched on January 21, 1979. The
tactic the TPDF used was to pin, encircle and attack from the rear. The
Tanzanians were discovering that the Ugandans had no stomach for
fighting. When the TPDF had captured its first Ugandan town, the
infantry came slogging up and shot all the civilians they found. The
engineers brought in bulldozers and razed most of the buildings.
Nyerere was horrified at these reports, and issued an order commanding
the Tanzanian soldiers not to kill any more Ugandan civilians.

Nyerere began to search for international assistance. China,
which had trained his army, declined to get involved, and would not even
rush military orders that had already been placed. The Soviet Union and
the Warsaw Pact countries offered help on a cash-and-carry basis only.
Tanzania had never solicited arms from the United States; its equipment
was incompatible, and so Nyerere did not ask assistance from the Carter
administration which, for its part, offered none. Nyerere lobbied the
former colonial powers Britain and West Germany for help. They

ultinately furnished aid for the Kagera refugees, which freed money for war expenditures.

Tanzania received what little help it would get in overthrowing Amin from other African states. Most of it was symbolic aid: rhetoric and a few weapons. Somora Machel of Mozambique sent men. Algeria was the biggest provider; it sent three shiploads of small arms. The frontline states all expressed support.

It was different in the OAU. Several African states, including Kenya which had been involved in recent border disputes with Tanzania, and Nigeria which found an opportunity to get back at Tanzania for its recognition of Biafra ten years earlier, opposed Nyerere's decision to carry the war into Uganda.

Uganda's principal aid came from Libya. Moammar Ghadafy declared this to be a war between Christians and Muslims and sent weapons, planes, and ultimately about 1,000 soldiers. Yasser Arafat's PLO sent a few fighters. Sudan expressed support for Amin, but sent no aid.

Although the war was to be fought with modern weapons, including long range artillery, heavy tanks, and jet war planes, it more closely resembled the ancient Chinese warfare of frightening the enemy away with great noises and massing of troops than the grimly efficient slaughter of Western battles. Although the TPDF used bombs and shells instead of gongs and firecrackers, the engagements it fought were fairly bloodless. The Tanzanian high command would eventually mobilize 45,000 men to attack Amin's enormous army, only to find that the Ugandan forces were demoralized. Tanzania would lose fewer than one hundred men killed in action in conquering all of Uganda.

The cost of the war and the second oil shock

It would take the Tanzanian army until June 3 to secure all of Uganda. The eight month war cost the lives of 96 Tanzanian soldiers killed in action and 500 million dollars. Unfortunately, the political

situation in liberated Uganda proved unstable. No strong leadership emerged. While the atomized social elements formed into different factions and acquired their share of the weapons adrift in Uganda, Nyerere felt obliged to occupy the country for two more years.

The second oil shock of 1979 came hard on the heels of this very costly victory. When the cost of imported fuel skyrocketed, the Nyerere government was forced to petition the IMF for balance of payment relief in 1979. The IMF indicated its conditions, a package of policy reforms that was becoming somewhat standardized and would soon be called structural adjustment. Nyerere rejected the conditions, and a struggle began with the IMF that would continue for the next eight years.

Structural Adjustment and the 1980 U.S. Election

At the beginning of the war over 60 percent of the government's total development budget was being provided by foreign donors, up to 85 percent of the development budgets of certain ministries (USAID, Appraisal, 1978). Gains had been made with the aid boom. At the end of the decade almost eight million rural Tanzanians had access to piped water. Half of the 8,000 Ujamaa villages had dispensaries. One million children, twice the number in 1967, were enrolled in school (Yaeger 1989: 77).

In the first years of the dispute with the IMF, the Nyerere government showed its resolve to remain, as an AID report had previously described, "willing to pay the price of social and economic disruption, in order to lay the framework for a different type of society" (USAID, Conceptual Framework, 1976). When negotiations with the IMF broke down, the Mission reported that the "Tanzanian leadership feels these measures. . . would require it to compromise its basic socialist philosophy and would not have the effect anticipated by the IMF in any case." Undeniably the Tanzanian economy was "in great jeopardy. . . .

At stake is the progress made in recent years in extending social and economic services and facilities to the mass of the population" (USAID, CDSS, 1980).

In 1980 the Tanzanian economy reached such desperate straits that the Nyerere government was forced to make sufficient concessions to the IMF to conclude a standby agreement for a nominal $235 million over fifteen months beginning August 31. An AID team of consultants in country at the time noted that the amount was less than the $290 million it cost Tanzania to occupy Uganda the previous year (USAID, Tanzanian Development, 1980). Tanzania's foreign debt payments now exceeded its foreign exchange revenues by $500-600 million annually. Some of the shortfall was being made up by foreign donors, notably Sweden, but without significant policy changes by the government, the Mission judged the long term prospects for Tanzania were not good (USAID, CDSS, 1981).

That same year 1980, for the first time, the Mission's country plan was not approved. The official reason given was "because of concern that it did not appropriately address Tanzania's more urgent near term economic problems, and because it had not adequately presented alternative development approaches" (USAID, ABS, 1980). The veiled language suggests a more plausible explanation. Ronald Reagan had defeated George Bush for the Republican nomination. With the challenge from the hard right being launched by Reagan, the Carter administration could not afford to side with Tanzania in its opposition to the IMF. Tolerance of Tanzanian socialism would have to be suspended until after the election.

The conflicts at work during the second period of this study all may be separated into the same three categories of the first period: conflicts between and among the branches of the U.S. government and AID, conflicts within U.S. foreign policy circles between "front room" liberal altruists and "back room" conservative realists, and conflicts

between Tanzania and the United States. There were three differences between the conflicts of the first and second periods.

First, in the 1974-1980 period of reaching the poor majority, conflict between altruists and realists descended into the Mission. AID personnel divided into supporters and opponents of Ujamaa. Second, a clear contradiction emerged between the principles and programs of Ujamaa and the performance of the Tanzanian economy. Third, as AID began its programs directly at the village level, conflicts developed between the foreign agricultural experts who came to Tanzania on AID projects and the people of certain cultures, notably the Masai.

CHAPTER 6
THE THIRD PERIOD: FORCING POLITICAL REFORM, 1981-95

New Paradigm, Old Paradigm: Reagan and Nyerere

At the start of the 1980 presidential campaign the Carter administration dismissed Ronald Reagan too lightly as an ideologue who reduced complex issues to simple terms that he was, admittedly, able to communicate very effectively (Jordan 1982: 302-303). Reagan's winning personal qualities, "the aw-shucks, all-American charm, the unintense, nonanalytical intellectual style, the breezy moralism" (Forbes 1988: 415) endeared him to ordinary people and enabled him to counter with a "powerful assertion of national pride" the moral self-doubt that had been plaguing America since Vietnam (Yankelovich and Kaagan 1987: 15).

Carter was in the difficult position of having to defend a record of a stagflated economy at home. Reagan's question to the American people, "Are you better off now than you were four years ago?" struck a responsive chord. Overseas Carter's administration had been faced with Soviet aggression in Africa and Afghanistan and a hostage crisis in Iran. Reagan's tactic in the debates of patronizing Carter's efforts to explain his positions by saying, "There you go again," proved devastatingly effective.

Reagan elevated a new set of alternatives to the level of policy the moment he entered the White House. The ideology of his administration was anti-Communist, anti-Keynesian, anti-New Deal government, with Arthur Laffer's supply-side economics and Simon Kuznets' trickle down effects as its theoretical bases. The new administration called for a new policy for AID; forcing political reform. A paradigm shift had begun.

Some of Reagan's strongest supporters, especially Senator Jesse Helms, viewed AID as an agency chock full of liberals whose views were antithetical to conservative realism and which was far too autonomous of executive and legislative control, and hence of U.S. foreign policy. Certainly Reagan was not averse to taking harsh steps to restrict an agency whose mission ran counter to his political views. A case in point was the Environmental Protection Agency. Yet Reagan did not attack AID the way he did the EPA and as his most conservative supporters urged him to do.

One reason was perhaps because he saw the value of having a foreign policy carrot to complement the stick he was to wield in countries such as Nicaragua. A significant reason why the radical right wing of the Republican party did not succeed in abolishing AID was due to the skill of the new administrator, M. Peter McPherson. Reagan's appointee to head the agency held a Ph.D. in agricultural economics. He had sufficient intellectual deftness and the political acumen to ward off the attacks by the hard right. The existence of Title XII of the FAA, which required AID to utilize American land-grant universities in foreign aid projects provided him with a shield. The National Association of Land-Grant Universities was a ready-made lobbying group with sufficient authority and legitimacy to shelter AID and silence the most hostile critics. Thus by awarding North Carolina State University with numerous multi-million dollar contracts, AID was able to call on the university to help persuade Senator Helms to restrain himself, convincing him that hurting AID would hurt his home state. AID continues to use this tactic in its ongoing battle with Helms. In the spring of 1996 North Carolina State University was awarded a substantial contract as lead institution for a continent-wide, multi-university African agricultural program (Chris Andrew, Robert Uttaro, personal communications). Helms' willingness to compromise on this issue

demonstrates that hard core "back room" ideological principles sometimes yield to the pressure of practical politics.

The Reagan administration instructed AID to abandon its historical approaches through the public sector and to adopt approaches that stimulated private sector initiatives. In Tanzania, where the government had practiced a unique form of state socialism since 1967, the Mission was ordered to support the IMF policy reforms aimed "to erode government mentality of excessive reliance on the public sector for economic development" (USAID, ABS, 1989). AID's decades-old clientelist habit of excusing recipient government failures in order to shelter programs and protect careers had rendered it "often unable and usually not willing to withhold funding if policy reforms are not made" (Bandow 1988: 148). This was not going to be the case in Tanzania. A new set of actors had captured the agenda and converted a new set of alternatives into policy. This had the effect of increasing confidence in AID about what to do. In the case of Tanzania, "what to do" was going to mean closing the mission down.

The Reagan Doctrine

Like Johnson and Nixon, Reagan did not have a first-class education, and came from modest origins. Like Ford, he had a sunny personality. Like Carter, he was a former governor. Like Kennedy, he hoped to use foreign aid to pursue a larger agenda. Like Johnson, Nixon, and Carter, his administration would pronounce a doctrine.

Reagan's agenda as a whole called for so many significant changes that even conservatives referred to it as a "crusade" and a "revolution" (Boaz 1988: 1-2). The core change to foreign policy was "rolling back Soviet power, particularly in the Third World" (Ravenal 1988: 138). The Reagan Doctrine pledged assistance to any movement fighting to overthrow a Communist regime. By reasserting the U.S. right to place political

conditions on its aid, the new administration overturned the Mann
Doctrine once and for all and laid the "Big Lie" finally to rest.

Reagan was helped by the fact that he entered office with an
advantage neither of his Republican predecessors Nixon or Ford had
enjoyed: a Republican majority in one house of Congress, the Senate.
The Reagan administration brought with it a new foreign policy agenda
and a new approach to foreign aid that was first articulated in a speech
by Reagan to the World Affairs Council in Philadelphia on October 15,
1981. The new administration's emphasis, the President said, would be
on "guiding assistance toward the development of self-sustaining
productive capacities" (Department of State 1981). At the Cancun summit
of developing countries a week later, Reagan described the perspective
that would guide foreign aid under his administration. "We are mutually
interdependent," he told the small number of Third World leaders who
came to the summit on October 22, "but above all, we are individually
responsible" (Bandow 1988: 146). Reagan would reportedly come away from
the summit very impressed with the intellect of Julius Nyerere, but
unconvinced by his ideas (Goran Hyden, personal communication).

The Reagan administration retained the Carter policy of making
American aid conditional on political reform, but changed the conditions
from insisting that recipient governments respect human rights to
insisting that they free their markets. The divided Congress greatly
helped the administration by passing the Brooke Amendment to the FAA,
which required AID to close its mission in any country that was
simultaneously in arrears on its debt repayments to the U.S. and not
under an agreement with the IMF. Tanzania was one such country.

All tolerance of socialism in the upper reaches of government
evaporated under Reagan, and it became very difficult for left wing
governments to receive U.S. assistance. The AID program in Tanzania was
now in serious jeopardy. The Reagan administration halved new spending

in Tanzania from $32.0 million in Carter's last year 1980 to $17.4 million in 1981, and then cut it again to $3.6 million in 1982.

The Mission, suddenly finding itself reduced to seventeenth of the eighteen largest bilateral donors in the country and falling (GAO, Donor Approaches, 1983), shifted to damage control mode and reported it understood quite clearly that any "increase in funding levels is conditional upon a change in present TanGov policies" (USAID, ABS, 1982). No changes were forthcoming from Dar es Salaam. The Brooke amendment provided the president with the authority to grant waivers, but Reagan cut Nyerere no slack. In 1983, new aid obligations to Tanzania fell to zero for only the second time since Nixon had cut them in 1972, to punish Tanzania for the dance of Salim. The difference between Nixon and Reagan was that, like a man holding a cat's head under water till it drowned, Reagan kept new spending in Tanzania at zero until Ujamaa was dead.

Revolution or restoration?

In balance, the changes Reagan made in U.S. foreign policy were less a revolution than a restoration, a return to first principles. His defense build up in order to "negotiate from strength" with the Soviet Union was actually a return to the policies of Truman and Eisenhower (Bell 1987: 61). His South Africa policy of "constructive engagement" (Schultz 1987) was little more than a rearticulation of the "limited association" of Nixon's "Tar Baby" option. Like "Tar Baby" the Reagan Doctrine paid lip service to the principle of majority rule but sent broad signals of support that encouraged the apartheid regime to believe it could hold out against change. Congress eventually overturned Reagan's policy by passing the Anti-Apartheid Act of 1986, and then overrode Reagan's veto to make it stand. For the first time, the U.S. government placed economic sanctions on South Africa, but enforcement by the Reagan administration was pointedly lax (Magyar 1994).

Reagan's foreign aid policy was also something less than revolutionary. In 1983 he appointed a policy review commission chaired by Frank Carlucci.[1] The commission submitted its report in November 1983. Conservatives attacked its recommendations as inconsequential, nothing that would not have been supported by any of Reagan's predecessors (Bandow 1988: 144-145).

In a December 4, 1984 cable to all missions, McPherson laid out the four "policy themes" that would thenceforth guide AID strategy: policy reform, private sector support, technology transfer, and institution building. These came to be called the Four Pillars. None of them was new. Policy reform had been instituted by Carter in support of human rights. Reliance on the private sector had been one of the six mandates in the 1973 New Directions. The transfer of technology and institution building were as old as AID itself.

The Mission certainly did not see the changes as revolutionary. It reported in 1982 that "the Administration's emphasis on policy change, private sector growth, technology transfer and institution building has not affected our strategy objectives as much as it has our methodology for achieving those objectives. The most striking difference in approach is the emphasis. . . on policy consideration" (USAID, ABS, 1982).

Nyerere and the End of Ujamaa

By 1980 private initiative had been all but eliminated in Tanzania. The formal economy was now managed from top to bottom by party-dominated state corporatism. There had been a disastrous combination of events. On top of the war and occupation of Uganda and the doubling of oil prices in two years came continued regional disputes

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[1.] Carlucci, it will be remembered, was President Johnson's former Charge d'Affaires in Zanzibar. He would later serve as Reagan's National Security Advisor and Secretary of Defense.

with Kenya, severe flooding in 1979, and another drought in 1980. As standards of living declined, public dissatisfaction grew. Small farmers and entrepreneurs began exiting the formal economy into a burgeoning black market in droves. Corruption and hoarding were becoming serious problems. A long-silent conservative wing began to speak up from within the power structure, and unity among the three centers of state power: the party, the government, and the office of the president, disintegrated as Tanzania's aid dependence increased. In 1981 foreign aid exceeded a nominal $700 million, the highest per capita level in tropical Africa, amounting to over 70 percent of Tanzania's new capital expenditures (Yaeger 1989).

The IMF continued to insist on structural adjustments as a sine qua non for balance of payment support. These included "devaluation of the shilling, an increase in bank loan rates, a reduction in government spending, a freeze on the minimum wage, an increase in the price of cornmeal and the elimination of price controls" (USAID, ABS, 1982). Nyerere rejected these conditions. The AID mission believed the Nyerere government was unlikely to yield to the IMF. Sustained as he was by Sweden, Nyerere would stand firm. A 1983 report felt it "very unlikely that in the foreseeable future the Tanzanian leadership will shift sharply from its socialistic views" (USAID, Policy Issues, 1983).

As an attempted compromise, Nyerere instituted a much less drastic set of reforms (USAID, Concept Paper, 1987). The National Economic Survival Program (NESP) called for increased foreign exchange earnings and more judicious expenditures, frugality in government and parastatal recurrent costs, and finally self-sufficiency in food. These changes were not sufficiently hard enough for the IMF, and the standoff continued. The NESP was significant only in that it indicated the Nyerere government now realized "that many of the policies which were established, with good intentions, have not resulted in the growth and

equity which was anticipated." The government had a list of excuses for the economic deterioration, "the negative turn in the terms of trade, the past two years of drought, and the lingering financial effects of the war with Uganda." Ujamaa was sacrosanct. The fact remained, "TanGov has been unable to agree with the IMF's recommended 'path'" (USAID, ABS, 1982).

The Reagan administration broke the stalemate when it cut new aid to zero. Seeing this, other donors began to get nervous, wondering if they were being played for suckers. One by one the other donors began to pressure Nyerere to give in to the IMF. Nyerere refused to abandon his principles, until Sweden, which had staunchly defended Tanzania's proud defiance, reversed policy in 1984 and joined the IMF (Elgstrom, forthcoming). It was the beginning of the end for Ujamaa.

A Pyrrhic Victory

Reagan's cuts broke the deadlock in the Mission over whether, how, and at what level to support Ujamaa. The liberal altruists who had favored Tanzania's philosophy of self-reliance with equity had lost. Although their viewpoint disappeared from official channels after 1981, they left traces of their continued existence. Writing in the margins of a February 11, 1987 cable from the AID regional office (REDSO) in Nairobi insisting that Tanzania would have to abandon Ujamaa before American aid could be restored, an anonymous reader expressed doubts about the wisdom of forcing such drastic political reform so rapidly. "Reforms are only easy in hindsight if successful, not when you have to grapple with competing forces beforehand."

The conservative realists who had faulted Tanzania's "lack of pragmatism" had won the debate, but it was a Pyrrhic victory. Now they would have to share in the task of terminating their own program. This was not an activity that garnered many career rewards in AID. The

conservatives closed ranks with the liberals in opposition to the cuts, and declared to Washington, "To have approved our Country Development Strategy Submission [sic] on the one hand and at the same time deny us the financial and human resources necessary to effectuate that strategy strikes us as being capricious and wasteful" (USAID, ABS, 1981).

The cuts were not negotiable. In the budget submission of the following year, the Mission tried a different tack, patiently explaining to Washington that the "Tanzanian Government views attempts to tie aid levels to improved performance or 'policy changes' as conditionality which to date they have rejected as infringement on their national sovereignty. They are willing to discuss the issues but not under the real or implied threat of sanctions if they do not." The Mission had dutifully "expressed our concerns regarding specific agricultural policy measures to the Government and anticipate a full and frank dialogue on these issues. . . . While these measures will not be formally incorporated into the minutes of the negotiations, raising them. . . has helped raise these concerns to the highest levels within the Tanzanian Government (USAID, ABS, 1982).

The Mission never got the promised "full and frank dialogue." Even if it had, it wouldn't have mattered because the Brooke Amendment went into effect. New spending was cut to zero. The Mission declared itself in "a very somber period" (USAID, ABS, 1983) and reluctantly initiated the "winddown scenario" it had been ordered to devise for the termination of the program. Still, it planned hopefully for a "turnaround scenario" in case Tanzania came to an agreement with the IMF (USAID, ABS, 1984). The "turnaround" did not occur. As required by Brooke, the Mission cabled its phaseout plan to Washington on October 27, 1984. When it was approved on December 13 of that year, the Mission was set on a schedule to close by March 31, 1987 (USAID, ABS, 1985). In 1984, as Reagan campaigned against Walter Mondale, the Mission reported

it was closing down "as rapidly as is consistent with good management" (USAID, ABS, 1984).

AID's project-based operating procedures had the perverse effect of making it impossible to cut off all aid to Tanzania over night. The big IRD projects had put large fleets of vehicles, substantial equipment, and large staffs of people in the field. The Reagan administration discovered just how tightly locked in the streams of funding each project represented were. Projects would have to be allowed to run their course. As seen in Table 2, while new spending was rapidly slashed to zero, aid flows held steady.

Table 2. New obligations and net receipts to Tanzania during Reagan's first term, 1981-1984

Year	New	Net
1981	17.4	41.7
1982	3.6	36.5
1983	0	28.9
1984	0	32.4

Projects were as hard to kill as Ujamaa. By mid-1986, the third year of zero funding, halfway through Reagan's second term of office, there were still "two active and one residual" projects underway in Tanzania (USAID, ABS, 1986). Operations were on schedule to end in March 1987 when the last project expired unless either the Tanzanian or the U.S. government relaxed its position. Reagan didn't blink.

The new paradigm enforced a new consensus in AID. U.S. assistance was to be used to force political reform. In a cable on April 13, 1985 Africa Bureau reminded the Mission that "all AID resources. . . are to be linked to our efforts to support policy reform." A cable on October 24, 1986 reminded the Mission that Africa Bureau retained the authority to decide "whether and how to resume a development assistance program in Tanzania." Washington wanted the Mission to know there would be no resumption of aid until Ujamaa was dead.

The Mission never reached the point of actually closing its doors, although it came very close indeed. In late 1986, the last remaining American contractor served for one day as acting mission director, under orders to refer everything to the ambassador.

Rebuilding the AID Program

The hoped for "turnaround" began in 1984 when Sweden changed sides and set in motion a series of events that ended three years later with a rapid reconstruction of the AID program in Tanzania. Suddenly bereft of the support of his strongest ally, rather than give in to the IMF, Nyerere decided not to seek another term, and in December 1985, Ali Hassan Mwinyi became Tanzania's second president.

Mwinyi, like Nyerere, had been educated as a teacher. He entered politics in Zanzibar in 1964 as the Sultan's permanent secretary of the Ministry of Education. He managed to survive the Revolution several weeks later, and stayed in politics. In 1970 he reached national prominence when Nyerere appointed him Minister of State in the President's Office. This was followed by various administrative and ambassadorial posts. When in 1984 Aboud Jumbe became the target of nationalist protests in Zanzibar, the CCM, chaired by Nyerere, replaced him with Mwinyi, who automatically became president of Zanzibar and first vice president of Tanzania, and thus in effect Nyerere's hand-picked successor (Yaeger 1989).

Six months after taking power Mwinyi initiated the IMF's Economic Recovery Program in June. In short order a Standby Agreement was reached with the IMF in August, a Paris Club debt rescheduling agreement was signed in September, and a World Bank Multisector Rehabilitation Credit agreement was signed in November (USAID, Concept Paper, 1987). With that the Brooke Amendment strictures were lifted and in March 1987,

the very month the Mission was to have closed its doors, Dar es Salaam signed a debt rescheduling agreement with Washington (USAID, ABS, 1987).

As soon as Tanzania came to terms with the IMF, the Mission foresaw that the Brooke restrictions might be lifted. To prepare for this contingency it engaged to have a background paper prepared. The paper was submitted in January 1987 as a first step in the resumption of activities (USAID, Donor Assistance, 1987). The Mission's director wrote to the Tanzanian deputy principal secretary of the Ministry of Finance on January 23 to indicate that AID was "far enough along in our work" that the "quiet session" they had agreed to on his arrival was now practical. He proposed a meeting somewhere "away from the hustle and bustle of all our offices."

While these sensitive negotiations proceeded, the Mission commissioned a concept paper that would outline a plan to guide activities for the time it would take to produce a proper country plan. REDSO cabled the Mission on February 11, 1987 to say that "there should be no illusions that the fundamental socialist policy orientations that Tanzania has followed over the past 2 decades will be disavowed," and ordered "that the Concept Paper. . . recommend linking renewed AID assistance to ERP performance."[2]

On April 31, 1987 the African Bureau cabled to inform the Mission that the concept paper had been approved. The Mission was hereby launched on a plan that concentrated on commodity imports and rural roads rehabilitation as a first step in reopening a full scale program (USAID, Concept Paper, 1987). The Mission assured the Bureau as the build up got underway that all projects would "concentrate on conditionality designed to focus GOT [Government of Tanzania] efforts on carrying through" (USAID, ABS, 1989). Washington cabled on October 12,

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[2]. The term "performance" in AID parlance refers to a country's conformance to AID conditions.

1989 to stress "the importance of the GOT continuing to see higher levels as supportive of policy reform measures, and thus performance-driven."

The country plan was submitted in 1989, and to everyone's surprise was rejected on July 5, only the second time since 1980 that this had happened. In a July 11 memo and a subsequent October 12 cable to the Mission, the Africa Bureau explained its judgment that "the document did not present a strategy for which an approval/disapproval decision could be sought" due particularly to a failure to provide adequate analysis and a satisfactory "five-year layout." The document was allowed to stand as an updated concept paper to guide activities while the newly assembled Tanzanian mission wrote a new country plan.

Congress meanwhile, acting in belated response to lessons learned from trying to respond to the 1985 famine in Ethiopia, wishing to avert the need for any future such massive relief interventions by streamlining the existing development program, had passed the 1987 Development Fund for Africa (DFA). This act exempted missions in Africa from many of the restrictions on AID overall, and fixed the annual level of aid to Africa at a nominal $800 million. It removed certain regulations that locked AID into project assistance, and others that tied it to American products, and finally encouraged AID to learn how to program for strategic results (USAID, Growth Renewed, 1992). Combined with all the other previous acts of Congress, it added to an AID "handbook" that was now thirty-seven volumes long and could "fill a shopping cart" (Dallas Morning News, Aug. 8, 1993). The agency had become "barnacled over" as one official in Washington characterized it to me, by mandates and earmarks. The Mission director in Tanzania lamented the impossibility of having to try to achieve no fewer than 33 separate objectives and address 77 disparate priorities.

Learning From Indigenous Knowledge

The learning process approach entered its heyday when AID began to shut down its program in Tanzania. The policy of learning how to embrace error was operationalized elsewhere in AID by increasing the use of nongovernment organizations (NGOs) as project implementors. When AID began rebuilding its program in Tanzania in 1987, it turned to private Tanzanian contractors to carry out its projects.

The development tactic of making use of indigenous knowledge was a logical add-on to the learning process approach. It was manifested in one of the Mission's two biggest post-Brooke health projects, which devised a complex scheme to establish "anchor" locations (schools, worksites, or business organizations) to focus NGO activities in the health sector by forming them into "clusters" that would conduct local self-help campaigns (USAID, TAP Project Paper, 1992).

These initiatives did not repeat the mistake made by the big integrated rural development projects in Tanzania of top down planning. The IRD projects had ignored the importance, known since the Etawah project, of using an eclectic, problem-solving planning framework that built upward from local knowledge, and had used rigid, blueprint-like master plans that nearly all performed miserably.

Institution Building Redux

The paradigm shift of the early 1980s saw a return to the institution building approach, which had been largely abandoned after the New Directions. AID launched big construction projects in Tanzania of a type not seen since the 1960s. The only difference was that private contractors, and not state agencies, were used to carry them out.

When the turnaround began in 1987, Reagan authorized a $12 million ESF grant to Tanzania for a project called Transport Sector Policy

Reform and Rehabilitation intended to rebuild rural roads in AID's old stomping grounds in Arusha Region. Another $46.2 million was added to an ongoing regional project, Regional Transport Development, which was helping refurbish the railroads in Zambia and Zimbabwe, to include the by now terribly dilapidated TAZARA railroad into the portion of the rail network to be renovated. In 1988, Reagan's last year in office, the $64.2 million Agricultural Transportation Assistance Program was launched to rebuild an even greater portion of Tanzania's rural roads (USAID, ABS, 1988, Tanzania Overview, 1995). The choice of objectives represented a significant change. Infrastructure projects were back.

Of Reagan's eight years in office, no new spending was obligated in Tanzania in four. From 1983 to 1986 the Mission was under Brooke. In the two years before and after Brooke, a total of $143.4 million was obligated, an average $18 million per year, the same as the Kennedy administration. If only the four years in which new spending was obligated are considered, Reagan averaged $36 million per year, more than Nixon, making his largest provider of aid to Tanzania of any administration.

Mwinyi and the Consolidation of Reform

When Ujamaa was abandoned in 1986, Tanzania was suddenly shorn of a governing ideology. The lodestar of self-reliance with equity was extinguished. With the old, familiar bearings gone, political navigation was taken over by the multilateral donors who set about shrinking the developmental state while putting it on a course of economic liberalization. In a sense, Mwinyi was a passenger on this journey to a new type of political economy. His job was not to steer, but to keep the peace among the passengers, many of whom feared or disliked the sudden change in direction and the sudden shrinking of the ship of state. Mwinyi's task was complicated by the fact that Nyerere

remained chairman of the CCM, one of the three nodes of power in the Tanzanian state. Since the CCM nominated all candidates for public office, Nyerere, as leader of the party, was able to manipulate who sat in what seat, and thereby continued to exert considerable influence over policy. It was not until an influential speech in February 1990 in which he announced that the single-party state was a thing of the past and called for movement toward multiparty democracy (Bratton and van de Walle 1992) that Nyerere let go of Ujamaa, and it wasn't until he resigned as head of the CCM in 1991 that Mwinyi gained full control over all of the political machinery.

Mwinyi, like all Tanzanians, was so thoroughly steeped in socialist ideology that it took some time for him to accept the viability of undirected private enterprise as an engine of development. In a bit of self-serving propaganda, AID made the claim that Mwinyi was won over on a single day, July 18, 1990, when he visited "both a traditional government road construction project and an AID-financed project in the Shinyanga District [that] had started work on the same day" and found "the government road-builders were 60 percent behind schedule and the private company was 60 percent ahead" (USAID, DFA Report, 1991).

Bush, Democracy, Desert Storm, and Corruption in AID

At the end of Reagan's second term in 1988, Vice President George Bush sought and received the Republican nomination, and in an "issueless but vile campaign" of symbolism and innuendo won a landslide election over the Democratic Governor of Massachusetts, Michael Dukakis. George Bush was anything but the ideologue his predecessor had been. He was highly experienced in foreign affairs, having served as ambassador to the U.N. and special envoy to China under Nixon, and under Ford as director of the CIA. He had challenged Reagan for the 1980 nomination,

and then served him loyally for eight years as vice president. He was a "foreign policy bureaucrat" who hated politics, the ugly act of getting elected. In this regard, Bush bore a curious resemblance to Mwinyi. They both were men who had risen patiently through the ranks. Bush's chief aim, now that he had reached the summit, was to "avoid doing dumb things" (Rockman 1991: 9, 12). Unlike Reagan's "blunt and forthright manner" and his clear statement of policy goals, Bush used softer language and "resisted setting forth a substantive plan for dealing with the world" (Franklin and Shepard 1992: 166).

George Bush entered the White House in 1989 promising a kinder and gentler America. Like Kennedy, he came from a privileged background, and was educated in an Ivy League school. Like Kennedy, Bush was a World War II combat veteran. Like Kennedy and Ford, his administration made no doctrine. Like Johnson and Ford he was not guided by any grand design. Like Johnson, Nixon and Ford, Bush had served as vice president, and like Nixon he preferred foreign to domestic affairs. Bush shared Nixon's "proclivity for secrecy and surprise." Where he differed from Nixon was in his personalized approach to foreign relations, his Rolodex diplomacy (Barilleaux 1992: 16).[3] Where he differed from Reagan was in making prudence his chief concern.

Bush made no large changes in African policy other than softening some of its rougher edges. His administration negotiated peaceful settlements in Namibia and Angola and enforced the existing sanctions on South Africa, which the Reagan administration had never done, in exchange for which Congress dropped proposals for adding more.

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[3]   A Rolodex is a device for filing addresses and phone numbers. Barilleaux's term refers to Bush's propensity for making personal phone calls and sending handwritten notes to other leaders in conducting affairs of state.

American Aid and Democracy

In December 1990, one year after the fall of the Berlin Wall, AID announced a "Democracy Initiative." The move was touted as a "historic reorientation of its mission" (Diamond 1995: 13). The idea of using aid to support democracy, a goal of John F. Kennedy whose administration had not been able to force it onto the foreign policy agenda, had been moribund for nearly 30 years. Its vivification was a slow process. Programs to support democracy received a nominal $5.3 million that first year 1990. With its policy councils still dominated, as they had always been, by economists accustomed to thinking of themselves as apolitical technical experts, AID was reluctant to move into a substantive issue area about which it knew very little. These old habits are dying hard. Even with the increased support that the democracy initiative would receive under Clinton, mission requests for democratization funds for eastern and southern Africa in 1995 did not exceed 10 percent of the total requests, compared to 40 percent for economic assistance and 25 percent for the health sector (Harbeson 1995: 2).

Desert Shield and Desert Storm

Bush's biggest foreign policy triumph was the Gulf War victory in 1991. Desert Storm also occasioned a serious bump in U.S.-Tanzanian relations. President Mwinyi, a Zanzibari, was sensitive to the interests of Tanzania's Muslim minority. Iran had recently increased its diplomatic presence in the country (Magyar 1993). When Iraq invaded Kuwait in August 1990, the Mwinyi government condemned the aggression. However, it was not sympathetic to Desert Shield. During the build up of coalition forces in Saudi Arabia, Mwinyi permitted Saddam Hussein to recruit soldiers from among Tanzania's urban unemployed (Rwekaza Mukandala, personal communication). The Bush administration was outraged, and in response pulled Peace Corps out of the country,

professing concern for the safety of the volunteers. In 1991, for only
the third time, America obligated no new aid to Tanzania.

In 1991 Congress tried (but failed) to rewrite the FAA (Reuters,
Jan. 18, 1993). As always, whatever Congress gave, Congress could take
away. An e-mail message from the Africa Bureau to the missions on
July 6, 1992 reported that the "Senate passed and sent on to the House a
bill that included a provision withdrawing the DFA flexibility on buy
America. It looks like we're going to be into buy America." Congress
had untied AID's Africa Bureau from having to buy American made products
with the DFA in 1987. Now it retied it five years later in 1992. Then
three years after that, in 1995, Congress did away with the DFA
entirely, and reduced aid to Africa from a nominal $800 to $670 million.
As one official in Washington summed it up with a sigh, "We propose;
Congress decides."

AID's Loss of Bearing

Bush appointed Ronald Roskens as administrator of AID. It was,
according to people interviewed in both Washington and Dar es Salaam,
almost unanimously seen as an unfortunate choice. One official in the
Mission called Roskens "AID's worst administrator by far." Bush's
concern for prudence, his problem articulating a vision, his basic
satisfaction with the status quo, struck a tone that reverberated down
through the administration. Roskens' initiatives in AID were as limited
as those of the president in the government as a whole. Roskens
involved himself with such trivial matters as replacing AID's symbol,
changing it from the traditional handshake superimposed over a military
shield of red and white stripes with a blue field and four white stars
symbolizing Truman's Point Four Declaration, to an extremely unpopular

emblem of wavy red and white lines and a globe.[4] This was not warmly greeted.

The worst consequence of the Roskens administration was that corruption in the agency reached its height. In June, Republican Representative John Kasich provided the House with specific instances of AID fraud: contractors in Rwanda who sold food aid for profit and then used the money to construct tennis courts; a malaria researcher who stole a nominal $144,000, an NGO in Egypt that lent money to fictitious borrowers and pocketed a cut, and a deputy director who took a nominal $70,000 in kickback. Compared with corruption in the defense industry, for example, the level of malfeasance in AID was small potatos, but given the agency's political vulnerability, the revelations had serious consequences. An assistant inspector general admitted AID's "crime rate" was "higher than virtually any other agency in government." It wasn't entirely AID's fault. A former AID official indicated in the press that much of the corruption was due to the United States' own form of political patronage. He recounted "being dragged into congressmen's offices when I wouldn't approve grants. . . They'd say 'I don't want the best [contractor]. I want my friend taken care of'" (Dallas Morning News, Aug. 8, 1993). The Democratic Chairman of the Senate Appropriations Subcommittee Patrick Leahy suggested the government should "just get rid of [AID] and start over again" (Reuters, Jan. 18, 1993), later stating that the agency had become "exhausted intellectually, conceptually and politically" (Associated Press, Sept. 24, 1993).

The growing bipartisan support to abolish AID did not translate into action. A new president had just been elected, and the Democratic Congress did not want to deprive the head of a newly unified Democratic

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[4.]   As I will discuss in greater detail in Chapter Nine, symbols are an important asset for strong cultures of principled agents.

government of an admittedly useful instrument of foreign policy
(Associated Press, Aug. 4, 1994).

Under the Bush administration, the Mission added a $12.9 million
training program in 1989. Four projects totaling $32.6 million were
begun in 1990. It was at this point that the director declared "the
conclusion of the Mission's rebuilding phase following the Brooke-
induced phase-out" (USAID, Action Plan, 1990). A $49.6 million finance
project was added in 1992.

Of the four years Bush was in office, new spending in Tanzania was
obligated in three, a total of $95.1 million. The average $24 million
was less than the $33 million under Nixon, but more than the $21 million
under Carter. If 1991, the year of zero new spending is removed from
the calculation, Bush's average becomes $31.7 million, nearly the $33
million of Nixon.

Clinton and the Vivification of the Kennedy Ideal

Bill Clinton won election by a plurality in a three-way race,
overcoming severe criticisms about his character to do so. His campaign
focused intensely on domestic affairs, particularly the economy and a
program to reinvent government.

Like Johnson, Nixon, and Reagan, Clinton was born into meager
circumstances. Like Carter and Reagan, he came to Washington as a
former governor promising change. Like Kennedy and Bush, Clinton had a
good education. Like Kennedy, Ford and Bush, he pronounced no doctrine.
Like Bush, whom he succeeded as the second president in the post Cold
War era, Clinton valued prudence. He moved extremely slowly in putting
together a foreign policy team.

Clinton selected Warren Christopher as Secretary of State and
Anthony Lake as National Security Advisor.[5] The administration took a

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[5]   Christopher had served as a deputy director in the State
Department under Carter, and since had been working as an attorney in

cautious approach to foreign affairs. Lake declared its intention was "to be more activist in promoting democracy and human rights. . . more interventionist" (<u>Boston Globe</u>, Nov. 22, 1993). Unfortunately, he thought, the climate resembled the isolationist 1920s, which was going to make it very hard to conduct foreign policy (<u>Christian Science Monitor</u>, Aug. 1, 1994).

Christopher's earliest announcements revealed a cautious search for policies that would "serve humanitarian purposes and enlightened self-interest" (Reuters, Jan 18, 1993, State Dept, May 31, July 26, 1993). Pragmatic altruism would take the place of an ideological perspective in the Clinton administration. To some this seemed like equivocation. A month after the passage of the 1993 foreign appropriations bill, Christopher defended the administration's eschewal of doctrine by declaring that in the new multipolar world, "abstract theories and overarching frameworks are of little help in resolving specific problems" (<u>Los Angeles Times</u>, Oct. 24, 1993).

A Paradigm Restored

Clinton picked for his AID administrator a long time Democratic operative named J. Brian Atwood and gave him the mission of saving AID. Congress confirmed Atwood in mid-May 1993. Proclaiming the agency was "encumbered by excessive red tape and beaten down by poor morale" (<u>Christian Science Monitor</u>, May 13, 1993) and announcing that he had "inherited a mess" (Associated Press, Sept 24, 1993), Atwood set about cleaning it up. He declared that AID would be a "reinvention laboratory" for Vice President Al Gore. There would be no sacred cows; the "entire agency is on the chopping block" (<u>Dallas Morning News</u>,

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Los Angeles. He headed the commission that investigated the Rodney King beatings. He could "lawyer any issue to death" (Woodward 1993). Lake had been among the advisors to Henry Kissinger who resigned in 1970 to protest the invasion of Cambodia. He later was director of policy planning at State under Carter.

Aug. 8, 1993).

Upon his confirmation in May 1993, Atwood announced the administration's new objectives for AID: to support sustainable development that protected the environment, to slow the world population explosion, to develop a rapid disaster response capability, and to promote democracy. The political conditions of U.S. assistance were now total. To receive American aid, countries were going to have to show that they were moving toward multiparty democracy. With this announcement the Clinton administration began to breathe life into the Kennedy ideal of using American foreign aid to support democracy.

The new expression of the Kennedy ideal met with the same scorn the original had from the same quarters. The anonymous memorandum I was given which was circulating in the Washington offices in early 1995 stated that AID officials are only comfortable with economic issues, and dislike dealing with issues that are fundamentally sociological or political in nature. A retired AID official mocked the democracy initiative, deriding it as a policy of making countries become "politically correct."

Anthony Lake's National Security Council issued a report on the foreign aid program in September 1993. It recommended a radical overhaul of AID and a change to planning by objective, not by country (Reuters, Sept. 18, 1993). The report stated that with "the disappearance of Communism in the Soviet Union and Eastern Europe the bedrock of support for foreign assistance has eroded significantly." As politically vulnerable as it was, AID now faced "death by a thousand cuts, leaving a continually shrinking foreign assistance program with no clear direction or impact and a decline in U.S. international leadership" (Washington Post, Sept. 18, 1993).

That same month the presidential commission chaired by Vice President Al Gore issued its much ballyhooed National Performance

Review. The Review made seven recommendations in regards to AID: (1) the agency should redefine its priorities; (2) Congressional micromanagement should be reduced; (3) AID should overhaul its personnel system; (4) it should unite its direct hires and contractors into a more solid work force; (5) it should establish an "innovation capital fund;" (6) program management should be reengineered; and (7) AID should consolidate or close its marginal missions (National Performance Review, September, 1993).

As AID became the laboratory for reinventing government that Atwood had promised it would be, the administration began working on a bill to replace the 1961 FAA in its entirety. On February 3, 1994 the Clinton administration introduced the Peace, Prosperity and Democracy Act to replace the superannuated law (Washington Times, Feb. 4, 1994). The administration let it be known that the goals laid out in the bill were "not necessarily what African leaders want. They imply political development" (Washington Post, Sept. 4, 1994).

On the eve of the 1994 election, Secretary of State Warren Christopher submitted a plan to fold AID into the State Department as a cost minimizing measure. The proposal was quickly disavowed by the administration, and Christopher was sent to go on record withdrawing it (Congressional Record, July 31, 1995). The proposal may have been a power grab by a segment of the State Department establishment that wished to capture AID's authority and budget.

Mwinyi and a New Type of Patronage Politics

Under IMF-led structural adjustment, the governing ideology of self reliance and equity gave way to self interest and enterprise. The key changed back to gap-filling, to providing the necessary inputs to stimulate key economic sectors to move the economy to the take off stage. Import substitution industrialization strategies were replaced

by plans for export-led growth. Unfortunately the reforms also provided for import liberalization. Tanzanian industries were soon swamped by a flood of cheaper, better quality foreign imports (Mukandala, forthcoming). As these changes occurred, the nature of patronage changed. Tanzania's political leadership lost the power to award rationed import licenses and foreign exchange, and gained the power to grant import tax exemptions. Import taxes were a key form of revenue on which the whole structural adjustment program hinged.

The minister of the treasury, Kigoma Malima, was given the authority to grant tax exemptions. A large number of these began going to Mwinyi's relatives and supporters. It was soon no secret that tax exemptions were being granted for political reasons. As knowledge of the scam filtered out, Mwinyi acquired a nickname on the streets, Ruksa, meaning "approval" in Swahili. The implication of the sobriquet was that all tax-evading exemptions bore the president's seal of approval. As the Tanzanian weekly Business Times reported in its November 25-December 1, 1994 issue, no government official "could have signed a tax exemption certificate that would be honoured by customs officials without the prior approval of the Minister."

The donors were bitterly disappointed, and for some months were uncertain what to do. To everyone's surprise the Nordic countries, including Sweden, took the lead. They had been the last to convert to the new paradigm. Their crucial (and continuing) balance of payment support had made them the longest and strongest supporters of Ujamaa, and now since its demise, it was they who had taken the key role in offsetting the worst social effects of the transition to a free market economy. But now it was Norway who took the lead in declaring it could not see why its taxpayers should be asked to fill the void left by Tanzania's politically-connected tax cheats, and suspended balance of payment support. The other Nordic countries fell in line. The World

Bank joined in by canceling the Consultative Group meeting to consider
Tanzania's portfolio scheduled for early December.

Mwinyi was forced to hand. He convened an unprecedented audience
with the ten biggest aid organizations and, as reported in a Tanzanian
newspaper under the headline "Mwinyi pleads to donors," requested them
"to continue disbursing approved funds" while his government launched an
investigation (Daily News, Nov. 19, 1994). AID, which had been the
first bilateral agency to move against Ujamaa, was noticeably tardy in
moving to stop corruption under the new order it had helped to install.

The Move to Abolish AID

The 1994 elections brought the first Republican majority to both
houses of Congress since 1948 and gave the chair of the Senate Foreign
Relations Committee to Jesse Helms, the long time opponent of foreign
aid. Senator Helms took up the call to abolish AID with a vengeance.
His office began to issue press releases referring to AID as the "enemy"
and to AID material as "captured enemy documents," denigrating the
agency in such hostile language it felt compelled officially to protest
(Washington Post, Aug. 1, 1995). Helms seized upon Christopher's
rescinded proposal, revised it, and introduced it as S. 908 under the
disingenuous name of The Foreign Relations Revitalization Act. The bill
would abolish AID and turn its functions and budget over to the State
Department (Congressional Record, July 31, 1995). The House passed a
counterpart to the Helms bill, H.R. 1561, in the summer of 1995.
President Clinton promised to veto it. This rallied Democratic Senators
and key moderate Republicans (such as foreign affairs specialist Richard
Lugar, who saw it as too radical), and the Helms bill was kept from
coming to a vote.

Undaunted, in late summer Helms attached a rider to the foreign
aid appropriation bill. The amendment would allow the President to keep

one of the three agencies that Helms was intent on abolishing, but would oblige him to void the other two. The other two agencies threatened by Helms were the United States Information Service, and the Arms Control and Disarmament Committee. The bill passed Congress in the spring of 1996 and was vetoed by President Clinton. Meanwhile Congress eliminated the DFA and cut aid to Africa by 20 percent.

In the view of one official, the Clinton reforms had the consequence of shifting "the center of power" not downward toward the missions, but upward into the office of the assistant administrator for management. The termination of the policy in place since the Charles River Group recommendations were adopted of using projects as the primary vehicle for implementing AID programs led, in the view of a contractor, to a great deal of confusion at the mission level about what a "results package" was, and how the goal of sustainability was to be reconciled with the demand for immediate impact.

Under the Clinton administration, a $16.2 million health project was launched in 1993, and a year later a $16.0 million rural telecommunications project and a $400,000 project to privatize real estate development in 1994. These were the last big projects approved for Tanzania before the 1995 budget war began.

The administration began sending signals that although its defense of AID was firm, it recognized the possibility that AID's enemies in Congress might succeed. After an address delivered at Harvard (appropriately at the Kennedy School of Government), Secretary Christopher responded to a question about AID. He lamented the attitude of AID's enemies in Congress. "We get so much value for relatively modest programs," he said, and cited as an example the value of one year's trade with South Korea which amounted to more than all the aid ever given to the country. He declared, "We can't lead on the cheap" (C-Span, Jan. 18, 1996). A former AID official offered the same

opinion. He found "the withering process is very well advanced" and predicted that AID would in fact be abolished, but that its abolition would be only temporary. "We'll have to go through the process of ending foreign aid to discover that we can't afford to."

U.S. Foreign Aid to Tanzania under Eight American Presidents

Total new spending in Tanzania under the Clinton administration in 1993 and 1994 was $32.6 million, an average $16 million per year, less than all administrations except Ford and Johnson, as shown in Table 3, below. Under Clinton's reinvention of AID, State Department influence over foreign aid policy was severely reduced. Embassies were not given a role in determining missions' levels of aid. By February 1995 AID had closed 21 of a target 25 missions. An official involved in the decision of which missions to close reported to me, "State was not brought in till very late, otherwise they never would have let us close any, because they see a mission closing as reducing their leverage in a country." Nine of the closures were in Africa. In light of how things had seemed as late as 1986, it was somewhat surprising that Tanzania was not among them.

Table 3. Average annual new spending by administration.

Administration	$millions
Nixon	32.7
Bush	23.8
Carter	20.7
Kennedy	18.0
Reagan	17.9
Clinton	16.3
Ford	11.9
Johnson	7.7

During the final period of this study, conflict within foreign policy circles dissipated. Reagan structured his administration quite differently from Carter, who had favored multiple advocacy decision making and peopled his cabinet with persons of different ideological

perspectives and let decisions evolve through open and free debate (Moens 1990). In contrast, the Reagan administration had something of an ideological litmus test; there was little or no dissenting viewpoint heard in high council. Policy had to be ideologically correct. With dissenting views officially discouraged after 1980, front room liberal policy makers were obliged to close ranks with back room conservatives behind the IMF-led structural adjustment program.

Conflict also diminished within AID. Several informants reported to me that the Reagan administration's decision to reach around developing states and reformulate aid programs to stimulate the private sector was greeted with positive relief, even by liberals, because there was by now a general weariness with the endemic corruption and patronage of African authoritarian regimes. Discouraged by two decades of failed programs, even liberal AID officials, the last defenders of the "Big Lie" in Tanzania, were no longer moved by African appeals to national sovereignty, and they embraced the new paradigm with something bordering on glee.

Conflict between the U.S. and Tanzania, which had been reduced under Carter, sharpened in the first years of Reagan's first term, then ended when Sweden switched sides in the struggle with the IMF and Nyerere decided not to seek a sixth term. When the Mwinyi government turned away from state socialism, the Reagan administration moved quickly to reward it with substantial amounts of aid.

Conflict between AID and Congress was fairly low during the 1980s. Compelled by the public outcry over the Ethiopian famine to do something to prevent disasters of that magnitude from happening again, Congress passed the DFA in 1987. The fall of the Berlin Wall two years later was a grim portent for AID. The slow collapse of the Soviet bloc removed its key raison d'etre. The issue of abolishing AID came onto the agenda during the 1992 presidential elections. It became a hot topic after the

1994 elections, which brought a Republican majority to both houses of Congress.

During the previous half decade or so, AID had slowly been shifting its emphasis away from agricultural production strategies. As a consequence, it lost the key support of the land grant universities. However, as it moved into the new issue areas of governance and democracy, it picked up the support of a new set of previously critical NGOs such as Bread for the World, who had long been concerned with issues of justice for ordinary people. The key question AID faces as it approaches the 1996 elections is whether this coterie of NGOs will prove to be as politically powerful in defending the agency from its enemies as the American land grant universities.

CHAPTER 7
THEORIES OF CHOICE AND THEORIES OF CULTURE

In this chapter I will present two rival theories of individual behavior, one based on choice and the other on culture. From these theories I will derive two rival hypotheses about how AID workers behave that I will test in Chapter Nine.

Choice Theories

The predominant view of politics in the 1950s and early 1960s was the Parsonian sociological model and its derivatives, political culture and political systems. These theories shared a view of human society which assumed individuals were governed by encultured norms and values. Choice theories were introduced in political science in the 1970s as part of a general movement away from the sociological perspective and the inductive and intuitive methods that inferred much from few observations (Rogowski 1978). Central to choice models is the concept of constrained choice (Caporaso and Levine 1992) which relaxes the assumptions of perfect information and costless exchange in the classical models.

In a seminal work, Herbert Simon (1947) proceeded from the empirical observation that people are limited in knowledge and time. They cannot know every fact, and they are under pressure to produce results in a timely fashion. Their rationality is thus "bounded" by limits of knowledge and time.[1] Simon combined the verbs "satisfy" with "suffice" to produce the evocative term "satisficing" to describe the

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[1] A chief executive officer for a bank valued at four billion dollars described for me what decision making under pressures of time and uncertain information in decisions involving the movement of

constrained decision making that goes on under these circumstances.
Charles Lindblom (1959) used the equally artful phrase "muddling
through" to describe normal decision making. Other early contributors
include Gordon Tullock (1965), Anthony Downs (1967) and William Niskanen
(1971). Within the discipline of political science, the Africanist
Robert Bates was among the first to join this movement. He discussed
his conversion in a retrospective book chapter in which he revealed that
having received through his graduate education in the early 1960s the
prevailing view that the behavior of Africans is largely due to their
culture, he found the data did not support the conventional wisdom, and
concluded, "Behavior that has been interpreted to be the result of
tradition, passed on by socialization and learning, can instead be
interpreted to be the result of choice, albeit choice made under
constraints" (Bates 1992: 34).

The Principal-Agent Model

In choice theories, the individual is understood to be in a
constant process of deciding among alternative courses of action with
the goal of achieving the highest possible level of subjective
satisfaction. Rational choice means maximizing utility (Caporaso and
Levine 1992: 79-80). It speaks to effort, not to outcome. That a
distraught mother driving to the hospital to be at the side of her
injured child might make a wrong turn and take a route other than the
shortest one possible does not mean she is being irrational (Rogowski
1978).

One of the most influential of the choice models of organizational
behavior is the principal-agent model. One of the first scholars to

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millions of dollars in matters of hours in the high stakes world of
international finance often boils down to. "First I have my finance
department run the numbers under different scenarios. Then I go with my
gut feeling."

apply it to politics, Terry Moe (1984), traces the origins of the core theory to Ronald Coase (1937), who recognized that the real world is not characterized by costless information, perfect competition, or frictionless exchange. Coase introduced the concept of transaction costs, generally defined as the costs of seeking partners with whom to exchange, negotiating agreements with them, and then enforcing the resulting contracts. The initial applications of the theory were in the insurance and credit markets (Stiglitz 1988).

Michael Spence and Richard Zeckhauser (1971) used the emerging model in their investigation of the effects of incomplete information and risk sharing under conditions of high uncertainty in the insurance industry. Ross (1973) is credited with first use of the term "principal-agent problem" (Stiglitz 1988). Oliver Williamson (1975) argued that environmental uncertainty and bounded rationality combine to limit the worth of long term contracting because of the impossibility of accounting for all future contingencies. Michael Jensen (1983) applied the model to accounting.

In their use of the model in studying Congressional politics, D. Roderick Kiewet and Mathew McCubbins state, "an agency relationship is established when an agent is delegated, implicitly or explicitly, the authority to take action on behalf of another, that is, the principal" (1994: endnote pp. 239-240). The relationship between the principal and agent must be characterized by a lack of trust (Garimella 1993) or the model does not work. At the base of the problem of trust is the issue of incentives. In the model, "the agent seeks to maximize his or her return subject to the constraints and incentives offered by the principal. The principal, conversely, seeks to structure the relationship with the agent so that the outcomes produced through the agent's efforts are the best the principal can achieve, given the choice

to delegate in the first place. There is then a natural conflict of interest between the two" (Kiewet and McCubbins 1991: 24).

In discussing American federalism, Moe (1984: 765-766) has said, "The whole of politics is. . . structured by a chain of principal-agent relationships, from citizen to politician to bureaucratic superior to bureaucratic subordinate and on down the hierarchy of government to the lowest-level bureaucrats who actually deliver services directly to citizens." Each link in the chain, that is, each individual, is a principal when addressing a subordinate and an agent when addressing a superior. Jean Tirole (1986: 181) has described large organizations as "networks of overlapping or nested principal/agent relationships." However described, whether as chains or as overlapping networks, the key to the theory is the concept of information asymmetry (Eggertsson 1990) and the assumption that individuals have incompletely internalized the values of the organization, meaning, as self-interested rational actors, they behave strategically or opportunistically to the detriment of the greater good.

The principal-agent model has three aspects: adverse selection, moral hazard, and control.

Adverse selection

Oliver Williamson (1975) showed that the ability of principals to recruit highly productive agents is significantly mitigated by the problem of adverse selection, wherein the principal cannot truly know the agent's qualifications when the agent is being hired. Also referred to as the hidden characteristics problem (Garimella 1993), adverse selection occurs in hiring situations. The job seeker knows his true qualifications; the employer can only guess them. Employers rely on proxy indicators such as resumes, letters of reference, and application forms to assess the qualifications of applicants. Knowing this, job seekers purposefully overvalue their qualifications in these documents.

The employer, on the other hand, knows the true value of the job. Job seekers can only guess. They rely on the compensation package offered as a proxy indicator of the value of the job to the organization. Employers purposefully undervalue the proxy indicator, that is, they set a low salary offer.

However, information asymmetry disadvantages the employer. Job seekers and persons soliciting a promotion within an organization will accept only compensation offers that are commensurate with their inflated qualifications. This is a restatement of the Peter Principle (Hull and Peter 1969) that people rise in an organization to the level of their incompetence. The implication of the theory is that everyone who accepts any new job will, at least initially, be underqualified and overpaid.

Moral hazard

The problem of moral hazard takes over where the problem of adverse selection leaves off. Moral hazard occurs after the moment of hiring, when the new employee is on the job. Also called the unobservability of effort problem (Garimella 1993), it describes the fact that the employee knows whether or not he is working at full productivity, but the employer does not. She must rely on imperfect indicators such as efficiency reports and measures of output to make an estimate of the employee's productivity. Information asymmetry works to the advantage of the employee.

According to theory, moral hazard may be as benign as simple goal displacement, wherein an employee decides "to neglect various aspects of his or her assignments and concentrate on performing well in the measured dimensions--for example by coming to work on time, writing good reports, or filling a weight or volume quota with little regard for product quality" (Eggertsson 1990: 45). Employees might "substitute

leisure for productive effort" (Moe 1984: 775) and spend a lot of time shirking their duties and goofing off.

Other types of moral hazard are more serious. Employees can cheat and steal. Examples range in gravity from carpenters going home from the job site with their tool pouches full of company nails, to sales personnel who entertain themselves and their friends on company expense accounts, to accountants who cook the books and embezzle funds.

In the principal-agent chains (or networks) which characterize political organizations, there are multiple principal-agent relationships. There is the possibility in this circumstance of double moral hazard problems (Stiglitz 1988), wherein people throughout the organization are engaged in morally hazardous behavior.

The relevance of the principal-agent model of bureaucratic behavior to AID, given the charges of its critics and the historical evidence that AID is a dysfunctional organization effectively out of control, is quite clear.

<u>Control</u>

The third aspect of the principal-agent problem is its flip side. Cyert and March (1963) introduced the idea that superiors try to control and influence their inferiors by distributing the resources from "organizational slack" as incentives. Organizational slack in a business firm is simply residual profits. In a bureaucracy, it is the difference between the budget and the true costs of production. Organizational slack represents "a cushion of 'inefficiency' that actually performs crucial positive functions in maintaining policy coalitions and facilitating smooth organizational adaptation to environmental change." Slack represents "resources available for the leader's personal consumption or for 'payoffs' (perquisites, leisure, new equipment) to allies for their policy support or subordinates for their compliance" (Moe 1984: 748).

Principals can expend resources to counteract their informational disadvantage and reduce the evil effects of moral hazard. There are essentially two approaches they can use. They can distribute slack resources to employees who spy for them, or they can expend resources on monitoring systems. As always, information asymmetry works against the principal. The problem is essentially one in which "the agent possesses or acquires information that is either unavailable to the principal or prohibitively costly to acquire. The agent has incentives to use this information strategically or simply to keep it hidden--a situation referred to variously as the problem of truthful revelation or incentive incompatibility" (Kiewet and McCubbins 1991: 25).

Faced by this motivation among her agents, neither method of monitoring is satisfactory to the principal. Her spies are inevitably found out, or prove to be untrustworthy, and in either case provide her with unreliable information. Agents figure out how to defeat her monitoring systems, for example by bombarding her with reports laden with inconsequential information, or by promptness and displays of enthusiasm for the job, or by dressing well and being neatly groomed, or by being obsequious and deferential toward her. These types of behavior are well known in work forces: looking busy, apple-polishing, brown-nosing, sand-bagging, feathering one's nest, and sucking up to the boss. The implication of the theory is that the power of the principal to control her work force is inferior to the ability of her agents to goof off and steal.

The principal-agent model makes two corollary assumptions in regards to adverse selection that are not well brought out in the literature. The closest I have found is by Kiewet and McCubbins (1991: endnote p. 240). They state the problem "is called adverse selection because the principal, in making a wage offer, receives applications only from agents whose opportunity costs are less than or equal to the

wage rate offered. The principal would prefer to select from agents
with opportunity costs greater than the wage offered or, failing that,
to at least choose randomly from the distribution of potential agents."

The following is an explicit statement of the two implicit
assumptions in the literature on the adverse selection problem.

A Modest Addition to Theory

Kiewet and McCubbins' rare mention of the fact that principals
have preferences about which type of job market to face implies but does
not flesh out two conditions under which selection is adversely made:
when there are few job applicants, or when there are many competing
recruiters in the job market. The inverse is also true; there is no
adverse selection when there is oligopsony or when there are few jobs
and many job seekers.

When selection is adverse

In order to be at a disadvantage in hiring, an employer must
either face an oligopoly, or exist in a competitive job market.
Employers face an oligopoly when there are few sellers of labor, for
example when labor markets are dominated by unions or a political party
with the power to limit the number of candidates employers may choose
from. In this case, adverse selection is high.

If employers do not face an oligopoly, then they must be in a
competitive job market; job seekers--theorized to accept only salary
offers that are commensurate with their self-inflated indicators of
qualifications--must have the power to turn down a job that is not
commensurate with or greater than their opportunity costs, or there is
no adverse selection problem. When the market is competitive, the
problem of adverse selection is lower than in an oligopoly.

When selection is advantageous

Employers have an advantageous position when they are in an oligopsony, or when the job market is depressed. In an oligopsony there are few buyers of labor. The few employers in the market collude to hold down wages; job seekers have to accept the going rate. In the second case, there may be many buyers of labor, but if the number of jobs they are offering is greatly outnumbered by the number of job seekers, then job seekers end up lowering their sights in competition with one another; in a depressed job market job seekers are obliged to tell the truth about their qualifications, and must take what they can get.

When employers are able to collude, or when they can pick and choose among large numbers of equally qualified applicants, there is no adverse selection problem. The centrality of the type of job market to adverse selection is clear.

When there is no moral hazard

Second, the interests of the individual employee, once he is hired, are assumed to conflict with the goals of the organization. Employees are assumed to be prone to engage in various forms of corruption whenever they believe they can get away with it. If they do not, if for some reason the employees of an organization are self-disciplining and never steal, lie, shirk or cheat, there is no moral hazard problem.

The First Hypothesis

The principal-agent model captures through the top-down principal chain the effect on the lowest-level employee of high-level political influences. Politics penetrates the agency at the top and works its way down through the chain of command. The model captures through the

bottom-up agent chain the influences on the highest-level authorities of the task environment, as reports of outcomes work their way up through the chain of command (Hedge, Menzel, and Williams, 1987). The principal-agent model can explain why, through a variety of means and for a variety of reasons, agents often do other than what they are supposed to be doing.

The main hypothesis reduces to three questions. (1) Is the job market in international development either an oligopoly or relatively competitive? If not, there is no adverse selection problem. (2) Does the neoclassical homo economicus model of the atomistic, self-seeking, boundedly rational individual accurately explain the motivation of a relief and development worker? If not, there is no problem with moral hazard. (3) Do AID's monitoring systems successfully control its work force? If not, why not? If so, are the monitoring systems necessary?

As an economic model of organizational behavior, principal-agent theory is predicated on the main assumption of microeconomics: all individuals are held to be self-interested, rational actors who seek to maximize their material well-being. Economic methods are notoriously clumsy tools for dealing with any behavior other than material self-interest. To evaluate the willingness of a soldier to risk his life in combat, for example, the best tool economics has is indifference curve analysis. This requires the soldier to compare one source of utility to another. He must be able to specify whether a given combination of A and B yields more, less, or the same amount of utility as some other combination. About to go into battle, facing the prospect of dying for his country, can the soldier meaningfully compare making the supreme sacrifice with some other form of self-denial? I think not. Economic methods are inadequate to analyze pure selflessness; their use in this instance verges on sophistry.

A Rival Hypothesis

If the spirit of altruism is high in AID, the principal-agent model will prove inadequate for explaining its behavior in Tanzania. Perhaps the job market in international development is characterized by colluding employers or by fewness of jobs, and there is no adverse selection. Perhaps the chief motivation of people for joining the agency is something other than base self-interest; perhaps AID workers hold themselves to strict standards, and there is no moral hazard problem.

Culture, not calculus

Rational choice was introduced in political science in the 1970s as a simultaneous change from the sociological view of human behavior as governed by encultured norms, and movement away from the inductive and intuitive methods that inferred much from few observations (Rogowski 1978).

By the mid-1980s, choice theories were being challenged by culture theories. Culture theories agree with choice theories that the actions of the individual are oriented, and that these orientations vary over time. But where choice theories say individual orientations are calculated outcomes, culture theories say they are the product of socialization (Eckstein 1988). To describe social behavior as simply the aggregate of all the choices of all the atomistic, self-interested individuals in that society is woefully incomplete. Society is organized by virtue of its institutions (Wildavsky 1987). These must be based on established moral principles and cultural values and follow rules that are widely accepted, or they are not institutions (Ostrom 1990). People do not adopt all of their preferences by cognitive

calculation of personal costs and benefits. Social organizations are systems of judgment making, and as such lower the decision making costs of each individual member. Many if not most of a person's preferences are absorbed from the various groups she belongs to. Organizations are not arenas in which the only thing people do is compete with each other over scarce resources in zero-sum games. This is not to say that individuals are slaves to prevailing opinion. It simply takes stock of the fact that many if not most of people's orientations are derived from their culture, not calculus. The implication is that the individual in an organization will not engage in the morally hazardous behavior expected by the principal-agent model if the organization has a strong culture that socializes the individual into being a principled agent.

Culture Theories

By the mid-1980s, choice theories were being challenged by something of a culture theory counterattack. In their newer expression, culture theories agree with choice theories that the actions of the individual are oriented, and that these orientations vary over time. But where choice theories say individual orientations are calculated outcomes, culture theories say they are the product of socialization and of collective reaction to large structural changes in the prevailing order (Eckstein 1988). To describe social behavior as simply the aggregate of all the choices of all the atomistic, self-interested individuals in that society is reductionist (March and Olsen 1983). Society is organized by virtue of its institutions, and these shape the behavior of the individual (Wildavsky 1987). Institutions must be based on established moral principles and cultural values and follow rules that are widely accepted, or people will exit from them (Hirschman 1970), and they will slowly cease to be (or fail to become) institutions (Ostrom 1991).

People in any organized system, from a small manufacturing firm to an entire nation, do not adopt all of their preferences by cognitive calculation of personal costs and benefits. Social organizations are systems of judgment making, and as such lower the decision making costs of each individual member. Many if not most of a person's preferences are absorbed from the various groups to which he belongs. Organizations are not merely arenas in which the only thing people do is compete with each other over scarce resources in zero-sum games. This is not to say that individuals are slaves to prevailing opinion. It simply takes stock of the fact that many if not most of people's orientations are derived from their culture, not calculus. The implication is that the individual in an organization will not engage in the morally hazardous behavior expected by the principal-agent model if the organization has a strong culture that socializes the individual into being a self disciplined, principled agent.

Types of Organizational Cultures

Corporate cultures can be of one of two types. The first are organizations with cultures that simply evolve. There is little or no attempt by upper management to create policies that shape each employee into what used to be called "the company man." The organization takes on its cultural attributes through evolutionary, not directed processes. When cultures are allowed to develop as they will, in complex organizations they may vary considerably across individual offices. We can imagine a bright and lively accounting department on the second floor, with gaily colored seasonal decorations on the walls, donuts in the coffee room, and regular celebrations of birthdays, while down on the first floor there may be a dour and glum shipping department, where the walls are bare, the coffee bitter, and people keep their heads down and rarely speak to one another. If there is no central guidance, the

type of culture that develops in an organization will depend on its cast of characters. Peter Blau (1955) discovered that the behavior of the people in two federal bureaucracies he studied was influenced by informal norms and everyday social relationships. The cultures he observed evolved without direction.

The second type of organizational culture is purposefully shaped by top management through consciously drawn policies. David M. Kreps (1992) has shown the economic value to business firms of devising and adhering to principles. Principles establish decision rules that lower operating costs. If a firm has consistent and well understood rules, the behavior of its employees will be much more predictable, and the costs of operating the business much lower. Adherence to these principles will over time give a firm a good reputation, which will lower transaction costs. As a business develops a solid reputation, it spends less seeking out customers. Its good reputation starts to bring business in. A principled corporate culture thus "gives hierarchical inferiors an idea ex ante how the organization will react to circumstances as they arise; in a strong sense, it gives identity to the organization [and] is especially useful in coordinating the organization's hierarchical authority [under] the general decision rule it applies."

The Strong Culture Model of Principled Agents

The following are four cases of federal agencies which have found success in controlling far-flung bureaucrats. Each has overcome the adverse selection and moral hazard problems. Each has used one or both of two basic techniques. (1) They recruited people who personally identified with the work the agency does, and/or (2) they had systems of socialization and standard operating procedures which weeded out misfits and socialized new hires so that they internalized organizational

values. I will briefly review each of the four studies here, and return
to them in greater detail when I discuss my findings in Chapter 9.

Herbert Kaufmann's (1960) study of the U.S. Forest Service shows
that a hierarchically complex organization that spans great geographic
distances can "conquer" what he calls "centrifugal tendencies." Kaufman
found this was done by careful recruiting and by thoughtful monitoring
systems. The Forest Service in the 1950s projected an unvarnished,
straightforward image of itself in order to, in the language of the era,
select men who fit. This approach was effective among young men of a
generation that had served in the military. The work of a forest ranger
was described to prospective recruits as rewarding, but hard. Weak men
need not apply. The Forest Service was not for seekers after the easy
life. The Service wanted rugged men who enjoyed the outdoors and could
handle the physical requirements and the psychological pressures of
living in the most remote (and beautiful) areas of the land.

The result was recruits who came to the Service eager to conform
and ready to follow orders. Once they were in, the Forest Service was
careful to preserve that inclination to obey. This was done through
socialization and through standard operating procedures. The routine
the Rangers performed--the reports they filled out, the preformed
decisions they made, and the fact that they were frequently relocated--
all worked to encourage the habit of obeying policy. Career incentives
were structured to create a low level of anxiety and hopefulness that
made Rangers, with their eyes on promotion, police themselves. The
Service manipulated shame and guilt by equating deviance to "letting
one's friends down" so that the values of the Service were internalized
by the Rangers. The strong culture overrode the personnel preferences
of any individual.

James Q. Wilson (1989: 97-98, 107, 109-110) has written about the
culture of the FBI. Its predecessor, the Bureau of Investigation at the

Justice Department, acquired a sorry reputation after its involvement in the Red Scare of the 1920s, its participation in organizing mass deportations, and the fact that it was caught spying on the political enemies of President Harding. In reorganizing the agency, J. Edgar Hoover consciously created a "legend of the spit-and-polish FBI agent, defined by detailed orders about dress, grooming, and conduct. The slightest hint of corruption or misuse of authority was grounds for instant punishment." The sense of mission inside the FBI became very strong; for decades it was strong enough to lead the bureau to "resist tasks that seemed to threaten the core culture." No matter where they were stationed, "FBI agents behaved as if J. Edgar Hoover was looking over their shoulders in part because the agents believed that was the right way to behave."

Wallace Earl Walker (1989), in his study of the General Accounting Office (GAO), discovered that it has created a strong cultural ethos very similar in form (if not in substance) to the Forest Service and the FBI. Like them, the GAO's top administrators inculcated a particular culture through careful recruitment of the right type of personnel-- neat, alert, college graduates in accounting--by stressing professionalism and the rituals and ideology of oversight to produce in each auditor specific values and attitudes reflective of five agency principles: "responsiveness to Congress, cognizance of agency operations through site auditing, professionalization of the audit ranks, precision in reporting, and evaluation of agency performance" (p. 54).

Finally, John DiIulio (1994: 314-315) has studied the federal Bureau of Prisons (BOP). Unlike the other three scholars he used the principal-agent model and found it does not fit the BOP, which he describes as a strong-culture agency staffed by principled agents. He found that the BOP socializes its new recruits through "organizational processes that transcend principle-agent problems by nurturing a culture

of principled agents. . . ." This is done by "establishing social and moral reward systems that make it possible for government agencies to tap the creativity, sense of duty, and public-spiritedness of their workers. . . [an experience that] is trite but true."

The Rival Hypothesis Restated

An area neglected in the principal-agent literature prior to DiIulio is whether or not collegiality and a sense of mission or team spirit or a strong corporate culture can overcome the principal-agent problem. In the case of AID, the problem of the enormous geographic distances which the agency spans is added to the known problem of hierarchical distance in complex organizations. Nevertheless the principal-agent model may prove inadequate for explaining the behavior of its individual employees. This will be the case if the job market in international development is characterized by colluding employers or by fewness of jobs, and there is no adverse selection. Perhaps the chief motivation of development workers is something other than base self-interest; perhaps the agency succeeds in creating a strong culture in which AID workers hold themselves to strict standards, and there is no moral hazard problem. It is to these issues that I now turn.

CHAPTER 8
THE CASE STUDY METHOD

The Problem of Conceptualizing the Problem

As my review of its history shows, AID is an extremely complex
organization. Its headquarters in Washington are located in three
separate sites, the New State and Old State Department buildings in
Foggy Bottom, and offices across the river in Roslyn, Virginia. The
majority of its offices are located on seven floors in Old State, a
rabbit warren of cramped, partitioned offices and winding halls with
different colored stripes on the walls to help the confused visitor.
The advantages the Washington personnel enjoy are not in the form of a
pleasant work environment; they come after hours in a cosmopolitan city
with lots to do.

It is the reverse in Dar es Salaam. The offices are more pleasant
places to work than the cramped spaces in Washington, with dark wood
paneling and central air conditioning, and for the senior staff, views
of the city, but the city is considerably less pleasant than Washington.
Dar es Salaam is a hot and humid place much of the year, built around a
harbor on the Indian Ocean. When I was there in late 1994 the
inhabitants were enduring regular electrical outages. Power was being
rationed by rolling blackouts that, mercifully, followed a regular
schedule. Merchants who operated businesses that required electricity
(such as photocopy shops), were obliged to purchase generators if they
wanted to stay open when their section of the city was blacked out. A
stroll through the heart of Dar es Salaam on a day when the power was
out required a tourist to step around loud, stinking portable generators
every twenty paces or so on the sidewalks. The roar and fumes of the

two cycle engines added considerably to the characteristic din and
pollution of the African urban ambiance: swarms of people choking the
sidewalks, blind, leprous, mad, or crippled beggars sitting patiently on
street corners with their hands out, vehicles bought secondhand in Japan
and brought in by the shipload--cars, trucks, and jam-packed minibuses,
many with worn engines spewing noxious smoke--clogging the streets at
rush hour. After twenty years of state socialism followed by eight
years of structural adjustment, Dar es Salaam was not a pretty sight.

The AID mission is located in Tanzania's national airline
building. Although the airline was barely functioning in 1994, its
headquarters was well maintained by local standards because it was
occupied by a number of reliable tenants, including the Dutch embassy.
AID rents an entire floor. As a visitor comes off the elevator, he is
met by Tanzanian security guards who ask him to sign a register naming
the person he is here to see, while they search his briefcase and then
frisk him with a handheld metal detector. If the guards suspect the
visitor has no business being there, they may phone inside to ask the
person named on the register whether the visitor has come for legitimate
reasons. Once cleared, the visitor then passes through an airport-style
metal detector and, if no alarm goes off, a secretary ensconced behind
thick bulletproof glass buzzes a heavy bombproof security door and the
visitor is admitted.

Before AID's reengineering began in mid-1995, its geographic
dispersion was compounded by a crazy quilt structure that divided the
agency partly into functional units and partly into geographic units.
In March of 1995, AID's computerized organizational chart could not be
displayed on a single screen. It is difficult to conceptualize, much
less describe, all the parts of AID as a unitary whole. It is a multi-
legged creature spraddling the globe, drawing in resources in Washington
and carrying out functions in poor countries scattered around the world.

Even just considering a single mission, the agency's Janus-faced posture with its input functions widely separated from its output functions make it a difficult agency to analyze. A researcher soon finds that any unit of analysis he considers is either embedded in at least one other unit of analysis, or has at least one other unit of analysis embedded in it. The distances between units, both geographic and functional, can be enormous. A question that is relevant to a program officer in a mission in Africa might make no sense to a Congressional liaison officer in Washington.

I was surprised to discover that those officials of long service who possessed a rare detailed knowledge of the organization could not answer what I thought was a fairly straightforward question, "Do you think AID is centralized or decentralized?" They wanted to give answers that varied according to level within AID.

The program officer and the legislative liaison officer are employed by the same organization, but they literally live in different worlds, and do jobs about which the other is largely ignorant. It is a daunting task to devise a single conceptual framework that will account for the behavior of both. AID is not an agency where the left hand does not know what the right hand is doing. It has many more hands than two.

Challenges to Case Studies

All social science research projects which attempt to analyze whole systems face serious challenges. The first is the problem of data and theory. Charles Ragin (1987) has suggested that data categories are distinct from theoretical categories, yet, nevertheless researchers routinely use data from one level of analysis to talk about another. Ragin cites the well-established work of Barrington Moore and Immanuel Wallerstein as examples. Moore in his work on revolutions used data categories of countries to discuss his theoretical category of class.

Wallerstein likewise used data categories of nation-states to discuss his theoretical category of the world system. These two eminent scholars mixed apples and oranges and got away with it. Why? Because they were dealing with urgent questions.

These, however, are the exemptions. Unfortunately, the difficulty of relating data to theory has not led to advances in the comparative method, but rather to a schism, an unfortunate division of labor between theorists and methodologists (Sjoberg et al. 1991). At the extreme, theorists pay scant attention to the collection or analysis of data; facts just get in their way. Methodologists, on the other hand, busy themselves with methods of describing and analyzing data that produce magical fumes of numbers through which it is very difficult to see any theory at all.

In this context, the development worker, with his practical concern for knowing what to do, is not helped overmuch by theory, and only marginally so by method. Theorists generally enter the discussion of an issue long after a program has gone into effect, and generally are of little help in making timely recommendations or devising strategies. Their role is generally one of affirmation after the fact, or to provide the coup de grace for outgoing ideas.

The chief contribution of the methodologists to international development is the techniques for operationalizing performance indicators. Their contributions to theory and to the design of new strategies are minimal. The reason for this, as Robert Chambers has shown, is that they are wedded to the slow and dirty methods which produce reliable findings that are, by the time they are delivered, irrelevant as policy recommendations.

The second challenge to social science is the problem of macro and micro, well known in economics. Should the individual or the business firm be the unit of analysis, as in microeconomics? Or should it be the

whole system as in macroeconomics? There are tradeoffs in selecting one. The micro-level approach must accept macro variables as a given. The rate of inflation, for example, or the world price for a commodity, are simply received; the consumer or the firm has no control over either. The macro-level approach suffers from the opposite problem; now the individual consumer and the firm are lost from view. Factors such as changing consumer tastes and housing starts are received. When they change they effect the entire economy.

Finally there is the problem of structure and agency. Should a researcher assume, at the extreme, that structure dominates agency, and focus on the huge economic forces and the political power structures within them, and view the individual from a remote vantage point as an indistinguishable part of the masses being manipulated by the elites? Or should she, at the other extreme, operate from the assumption that it is only life's losers whose actions are wholly shaped by the structures they inhabit, the weak members of the herd who in all other species are taken out by predators, that, if left to their own devices, all clever individuals overcome constraints, that Brer Rabbit always outwits Brer Fox?

Structuration and Nested Games

The perspective I will take here is quite similar to what I have earlier called the organicist camp of development administration, the perspective in which agencies are seen as interacting with their environment. I shall argue that data and theory can be made to speak to each other, that it is most meaningful to view macro and micro as engaged in complex interactions, and that structure and agency influence each other. I shall argue that each of these are false dichotomies; all three are two sides of the same coin. I shall do this by referring to two very challenging works of social theory.

Anthony Giddens and Structuration Theory

In Anthony Giddens' (1979) first articulation of his compelling theory of structuration, he drew heavily on French scholarship, primarily linguists and anthropologists. He adopted the linguists' distinction between language, which is socially constructed, and speech, which is individual. He referred to the relationship between language (codes) and speech (messages) as that of the difference between signifier and signified, with the latter referring either to the received mental image or to the referent.

The anthropological version of structuralism which Giddens drew upon sees structures as models imposed or posited by the observer. Structures consist of interconnected elements, involve transformations, and make prediction possible. They are created in the human unconscious. Giddens combines the two forms of structuralism to form an analytical framework in which subjectivity is constituted in and through language and reality is socially constructed. Thus the Cartesian cogito is rejected. There is temporality in human agency, and power in social practice.

To this mix of ingredients Giddens added Marx's view of the relationship between structure and agency. Structures, or "social items," are ephemeral, "'vanishing moments,' and individuals, or actors, subjects of the process, involved in mutual relationships which they are constantly reproducing and producing anew" (p. 53). The idea of structure and action therefore "presuppose one another," that is, are meaningless without the other. They are intended to resolve the conflict between voluntarism (agency) and determinism (structure) while clarifying the distinction between structure and system and structure and function. Giddens thus gives an account of agency, rooted in a theory of the acting subject and placed in time and space, as a continuation of action. His idea is that "an understanding of social

systems as situated in time-space can be effected by regarding structure as non-temporal and non-spatial, as a <u>virtual order of differences</u> produced and reproduced in social interaction as its medium and outcome" (p. 3, emphasis in original).

Simply put, Giddens joins a philosophy of action to a theory of institutions to create his structuration theory. Social activity in time-space involves paradigms which invoke structure, "which is present only in its instantiation" (p. 54). Structure is "virtual time-space." Action, on the other hand, is agency, "a continuous flow of conduct" (p. 55). Because much of activity, such as walking, springs from the unconscious mind, much activity escapes from the purposes of rational action. This idea stands in stark contrast to hard core choice theory, which holds that individuals are at all times constantly and consciously relating ends to means.

Giddens rejects theories that depend on snapshots of reality and argues that structure is <u>not</u> analogous to anatomy or to the girders of a building. Furthermore, social structures do not exist outside of time. They are "the structuring properties" which bind space and time in social systems. "These properties can be understood as rules and resources recurringly implicated in the reproduction of social systems" (p. 64). Agency and structure are meaningless in isolation. Like the African termite and the termite mound, the one cannot exist without the other.

Giddens calls the end product structuration, a term borrowed from the French which he later (1984: xvi) admitted was "inelegant" in the English language. Structuration is informed by power relations, which Giddens defined as regularized relations of autonomy and dependence. A social system, as distinct from structure, is a structured totality. Structures do not exist in time-space except in the moment of the

constitution of a social system, that is, at the birth of an institution.

Institutions are practices deeply sedimented in time-space and wide-spread among members of a community. There are three dimensions of social practices, or institutions, each with three elements. The first is interaction, consisting of communication, power and sanction. The second is modality, consisting of interpretation, facility and norms. The third is structure, consisting of significance, domination and legitimization.

Giddens denies the distinction between data and theory, between micro and macro, and between structure and agency. The rules and resources which comprise structure are not aggregates of isolated capabilities. Under structuration "rules and practice only exist in conjunction with one another" (p. 65, emphasis in original).

Giddens distinguishes between structure (rules which have both constitutive and regulative aspects), and resources (structures which exist only as structuring properties) and system (relations between actors or collectivities that are both enabling and constraining and organized as regular social practices). Structuration then is the conditions which govern the continuity, or the ongoing transformation of structures and the continual reproduction of the system.

George Tsebelis and Nested Game Theory

George Tsebelis (1990), unlike Giddens, based his argument in choice theory. He rejected alternative structural-functional, or cultural, or psychosocial theories because they focus on structures and functions or on cultural variables and because, in the rare cases when they account for individuals, they consider them to be motivated by cultural norms. Tsebelis argued that individual actors are never involved in just one situation, or game, but rather deal with multiple

situations simultaneously. He believed it possible to explain
apparently irrational behavior in one setting by shifting analysis to a
different setting, level, or game. The observed irrationality of an
actor in one game can oftentimes be explained by her behavior in a
larger, subjectively more important game.

Tsebelis posited that there are two types of institutions, and in
his choice of labels displayed an ideological bias. There are
"efficient" institutions in which the rules result in positive sum games
of improving social welfare, and there are "redistributive" institutions
in which the rules result in zero sum games of taking from one group to
give to another. In Tsebelis' view, "Institutions are not considered
simply inherited constraints, but possible objects of human activity"
(p. 9). There are therefore two types of games: those in which the
rules remained fixed, and games of institutional design, games to change
the rules of the game.

In life, every individual plays simultaneously in multiple, nested
games, some more important than others. A partial list for a single
hypothetical individual might include the obvious game of career
advancement, as well as a game played within the PTA out of concern for
the education of her children, and a game played in church because of
religious conviction. Outcomes in the most important games take
priority, and individuals will make sacrifices (tactical retreats) in
the least important games if doing so improves their position in the
most important games. Thus, if our individual's religion is the most
important game in her life, she will turn down any career promotions if
they involve her in an activity which her religious convictions
proscribe, or use the PTA as a forum to attack or support changes in the
school curriculum based on her religious beliefs.

To use another example, consider the circumstances of an oil
shortage and an investor for whom environmental conservation is the

single most important value. The investor does not wish to invest his money in any companies engaged in environmentally harmful activities. When his broker calls with an extremely profitable offer to invest in an offshore drilling company, the investor turns the offer down. The act seems irrational unless the level of analysis is shifted to the investor's most important game, living his life in an environmentally conscious way.

People are constantly engaged in strategic behavior, and in the games which are most important to them, locked in iterative, reciprocal relationships with whomever else is playing. In those games which a player believes are crucial to her welfare, for example, her career, she will behave like someone in a poker game that never ends and play with whomever else is sitting at the table. In her most important games there will be no possibility of separation from other players, she must continue to play. Because she has no desire to withdraw from the game, she will play with infinite time horizons. When rational actors know they cannot separate, and must engage with each other regularly for the foreseeable future, cooperative behavior eventually evolves; a modus vivendi is discovered and the prisoners' dilemma is converted into an assurance game.

Nested Games of Structuration

I will proceed in examining AID and its mission in Tanzania by conceptualizing the problem as one of nested, structuring games, or relationships among embedded units of analysis. These relationships may be antagonistic, in which case principal-agent problems will abound. They may be cooperative; there may be a strong culture of principled agents. In either case, the ongoing, multifarious iterative relationships within AID and characteristic of all large organizations serve to structure and restructure the organization on a continuous

basis. Considered together as a whole, AID's corporate culture and its political and task environments comprise three arenas incorporating many games where AID's allies and enemies vie with each other. This conceptualization explains the fact that AID has throughout its existence been constantly rebuilt, torn down, and rebuilt again. The observable fact of AID's continual restructuration over the last thirty-five years can be explained as the consequence of the gamesmanship of many different actors with many different propensities playing in many different nested games.

The Case Study Method: Virtues and Limitations

Virtues of the Case Study Method

The case study lies in the no-man's-land between the natural science model which in its extreme form is positivism, and the historicist model which in its extreme form denies that social science can establish any cross-cultural generalizations at all, that each sociocultural order contains its own pattern of development (Sjoberg et al. 1991: 28). Case studies have four virtues. (1) People are seen in their settings, in my case, the AID workplace. The in depth interviewing of case studies is superior to the brief telephone surveys characteristic of quantitative studies. The latter strip away "the flesh and bones of the everyday lifeworld" (Orum et al. 1991: 7) and cannot account very well (if at all) for contextual factors. (2) Case studies provide holistic analyses of complexes of action and meaning. Thus, "studies of the occupants of individual roles enable the investigator to discover how the definition of a role emerges out of interactions between role-occupants and others; and studies of organizations permit the researcher to discover social interaction patterns that occur among employees" (p. 9). (3) Case studies have a strong sense of time and history. They "uncover the historical

dimension of a societal phenomenon or setting"[1] (p. 12) which are very
important to understanding the attitudes of a given person, who is not
oblivious to what has happened before him, and in fact is likely to be
strongly guided by historical experience, that is, by institutional
memory. Finally, (4) case studies generate theory. The "hyopothetic-
deductive verification rhetoric" of positivism with its rigid concern
for "tentativeness" and "proof" does not encourage theory building (p.
14). It results in cautious, incremental contributions to existing
paradigms. It encourages the mentality of the bricklayer. It does not
allow for bold thinking, and certainly discourages people with the
visionary sweep of the architect.

All social science research must face two problems: reliability
and validity. Single case studies do not fare well with reliability,
defined as "the ability to replicate the original study using the same
instrument and get the same results" (Orum et al. 1991: p. 17). The
case study depends on a few informants, not a large random sample, and
thus, if the same instrument were to be applied to a different small set
of informants, it would likely yield different results. The case study
researcher must admit this, and move on.

The case study is better than the experimental method or the
survey method at overcoming the problem of validity. "On the matter of
the validity of observations, however, the case study provides a clear
advantage over other methods of investigation." This is because good
case studies use "triangulation of sources" (p. 19). They are able to
prove the same point from a variety of sources.

Limitations of the Case Study Method

Robert Yin (1989: 21) has suggested the case study has three
problems: its lack of rigor, its meager basis for scientific
generalization, and the fact that it tends to produce massive and

unreadable documents. The case study researcher can handle the first by being conscious of the danger of bias. He can handle the second by understanding that case studies, like experiments, are generalizable back to theoretical propositions, not to populations. Finally, he can handle the third by trying to cut rather than add details, by being brief rather than "thickly descriptive." Yin suggests that the case study is most appropriate when a "'how' or 'why' question is being asked about a contemporary set of events, over which the investigator has little or no control" (p. 20).

Orum et al. (1991: 23, 29) argue that a case study is appropriate when the researcher wishes to investigate a phenomenon within its context, when the boundaries between the phenomenon and the context are not clear, and when multiple sources of evidence are available. The case of AID meets all of these conditions.

A good case study is not like an experiment. It cannot control for context, thus it must account for context. It is therefore like a history, except that the phenomenon is contemporary. A good case study must have a question, a proposition, a unit of analysis, a logic for linking the data to the proposition, and the criteria to interpret the findings.

Replication Logic and Analytical Generalization

A case study is closer to the experimental research design than to survey research in that the case study and experimental design refer findings back to theory while survey research refers its findings back to a population. Furthermore, the statistical generalization which survey research uses is inappropriate in a case study because the incidence of a phenomenon cannot be assessed when N=1. The case study is different from an experiment because the researcher cannot control for context. The large number of extraneous variables, or externalities

that context brings into a research question, requires the case study researcher either to increase the number of cases or to account for context.

Yin (1989) has shown how the requirements of Orum et al. can be met through reliance on replication logic and analytical generalization. The sampling logic of large quantitative studies such as pre-election surveys of potential voters is inappropriate in a case study. A case study must employ replication logic. This requires the case study researcher to use multiple sources of evidence that "allow an external observer. . . to follow the derivation of any evidence from initial research questions to ultimate case study conclusions" (p. 102). Likewise the case sudy researcher cannot use statistical methods of analysis to generalize from her data. Rather she must use analytical generalization, or forensic methods of argumentation in which data is presented and interpreted in a manner akin to trial lawyers arguing from evidence.

The Value of the Case Study

Charles Lindblom (1991: 14) has written that there is a good reason for social scientists to address questions "about which they can offer no proof but can themselves only probe, and on which they accept, in their search for illumination, a lower level of conclusiveness than social scientists usually intend." Lindblom argues that statistical generalizability should not be the sole criterion for judging the worth or importance of a study. Inconclusiveness is acceptable when the inquiry sheds new light on a phenomenon.

Data Collection

In collecting my data, I followed Yin's principle of replication logic, not sampling logic. In the next chapter I will follow Yin's

principle of using analytical generalization, not statistical generalization, to refer my data back to my theoretical propositions.

I gathered data from unclassified cable traffic, faxes and letters in the record, official strategy statements, annual Congressional Presentations, and various project and program design papers and impact evaluations in Dar es Salaam and Washington from 1961-1994. I conducted thirty interviews, fifteen in Africa and fifteen in the United States.

In Dar es Salaam and in Washington I was given free access to unclassified records. In the interviews, all the respondents were polite with me and some were very friendly. An indication of how nicely I was received is the fact that the least cordial person (a woman) afterward apologized "for beating up" on me while answering my questions, a statement I found somewhat surprising since, though I had felt harassed by her aggressive interjections and was nervous at her display of impatience (halfway through the interview she rolled her chair over to the other side of the room and began putting away files) I had not felt beaten up on at all. Several respondents, especially in the early stages of my investigation, were completely open. Their answers were often quite free-wheeling, colorful, and even entertaining. The longest interview was a marathon at a restaurant over breakfast and lunch that lasted six hours. Several of the people I interviewed were concerned that not everyone would give me complete information, anxious, in the words of one, that I "get this information."

I took notes on preprinted forms containing the questions I hoped to ask. I was sensitive to the potential concern of respondents that they would get into trouble for talking to me, and was careful to tell them they would not be identified by name, and did not record their voices. The gain in (potentially) greater candor was offset by my lack of shorthand skills. The concentration necessary to write down as best I could word for word statements was extremely taxing. I limited myself

to two interviews per day, and at the end of each entered my notes on
the computer, embellishing each account with any remembered details not
noted during the interview. I later mailed a transcript to each
informant for review and correction of details. Of thirty interviewed,
four replied.

The Special Problem of Interviewing Elites

A problem I encountered was interviewing people with advanced
degrees. The problem of interviewing highly educated people has been
known since the early 1970s. Harriet Zuckerman (1972) studied Nobel
laureates, and found the task particularly challenging. They resented
"being encased in the straightjacket of standardized questions" (p.
167). One laureate began the interview on a chair with rollers four
feet from her and ended it an additional ten feet away, much like my
most hostile informant. Zuckerman found an effective technique for
eliciting further details was to rephrase the laureates' comments in
extreme form (no doubt at some cost to her ego) thus making them
irritated that she did not understand what they said, but getting them
to elaborate (p. 174).

Trained in the social science methods I was turning on them, the
people I interviewed, like Zuckerman's Nobel laureates, tended to
dislike the formulaic questions which asked them to rate phenomena on
Likert scales. Few answered questions uncritically. Many pointed out
what they thought were bad questions, or suggested alternative wording.
All of them tried to perceive patterns in the questions, asking at times
"where are you going with this?" or "what are you getting at?"

Janet Johnson and Richard Joslyn (1991: 193-197) have discussed
ways to handle the challenges of interviewing highly educated or highly
knowledgeable people. They stress the importance of advance
preparation. Following their advice, in both Dar es Salaam and

Washington I read through the most recent documents in the archives in order to eliminate basic questions of an informational variety in order (1) to help me finalize my protocol of questions, (2) to familiarize myself with AID's specialized jargon and acronyms, (3) to enable me to understand the significance of what was being said to me, and finally (4) to impress upon the people I was interviewing that my interest in the topic was genuine.

I made clear to each person I interviewed that his or her answers would be held in strict confidence. Thus in quoting from the interviews I have taken pains to conceal the person's identity so that, as one official insisted, it is impossible for a knowledgeable reader to guess the source's identity.

I was prepared for the problem of gatekeepers, and had to be persistent to get access to certain people. One official had his secretary break three separate appointments with me, and when by chance I bumped into him and cornered him in a hall and asked him when it would be convenient for him to see me, replied, "I don't want to do this at all." He consented to an interview only after I agreed that it would take no more than twenty minutes of his time.

Time was a critical factor. My graduate training had made me so concerned about reliability that I went into the early interviews trying to proceed through a too-long protocol of questions in plodding, robotic style, being careful to ask questions in the same order and using the same phraseology. Limitations on the time people could give me, and the fact that they began twitching in their seats and looking at their watches in the early interviews, made me decide to bag reliability and concentrate on validity.

Even when a respondent granted me fairly large blocks of time, say one hour, there would be frequent interruptions as the phone rang, or secretaries came in with papers to sign. This tended to break up the

flow of the interviews. It also provided me with strategic moments to reflect on what questions next to ask, in what order, and which questions I could safely skip.

The instrument which I had carefully prepared before setting out was abandoned in favor of a field-engineered outline that contained the core questions I hoped to get from everyone. Constraints of time prevented me from achieving even this more limited goal. I was unable to ask every one of the more than sixty questions I had originally prepared of every one of the thirty people I interviewed. I didn't get a full "complete" in each interview, but from each I got something I needed to know.

CHAPTER 9
AID: THE ORGANIZATION AND THE WORKER

In this chapter I turn to analysis of my field data. The chapter has two parts. In the first, I will draw on the historical and social science literatures and the archival data from 1961-1994 that I collected in Dar es Salaam and Washington to offer a theoretical explanation for AID policy changes in light of the political histories of the United States and Tanzania, with particular reference to new spending obligations per sector by the Mission in Dar es Salaam. In the second part, I will descend levels of analysis to the behavior of the individual development worker and test the rival choice and culture theory-based hypotheses I laid out in Chapter 1, using data I collected in interviews conducted in 1994 and 1995. I am justified in shifting levels of analysis in this manner by structuration theory, as I will explain below.

Part I: Policy Change as Paradigm Shifter or Paradigm Extensor

Policies reflect the dominant paradigm of whatever organization they are made by, whether a civic group, a business firm, or a government agency. A paradigm can be cogently defined by its synonyms, which include: example, ideal, model, pattern, prototype, and standard. In the sense I use the term here, a paradigm can be thought of as a model which patterns policy in pursuit of an ideal. Policies are made under conditions of bounded rationality, and introduced with strong elements of experimentation and tentativeness. As policies meet with failure, or as conditions change and render them obsolete, they are

changed. The change may be incremental and lie well within the old paradigm, or it may be radical and be part of a paradigm shift.

Most policy changes are incremental; they represent tinkering with existing ways of doing business and in effect extend the paradigm further in time, much the way that an extensor muscle extends the limb of a body. On occasion, however, policy changes can be substantial, and may be part of a paradigm shift. What can explain this?

There is a complex array of forces that impinge upon AID, ranging from political actors in Congress and the White House to the development industry in Washington, and to different circumstances in the developing countries such as, in the case of Tanzania, drought and the Ugandan war. The forces which act upon AID can be sorted into those which stem from the political environment, those which stem from the development industry, and those which stem from the development task environment, in this case, from Tanzania.

Three categories of diverse factors act upon AID as a unitary whole and not only drive policy change, but determine whether the change extends or shifts the dominant paradigm. To describe the process, I shall combine three separate models of policy change and argue that there are three conditions which determine whether a policy change is minor or major, that is, whether it represents minor incremental alterations to standard operating procedure and the extension of the paradigm, or a paradigm shift that changes the dominant strategy. The three conditions for a paradigm shift are: (1) political pressure must be sufficiently high to make the set of actors in control of the agenda execute changes, (2) a new set of policy alternatives must be available, and (3) confidence in current programs must be low; people in the organization must be receptive to change. The three models of policy change from which I shall borrow are: the punctuated partial equilibrium model of Frank Baumgartner and Bryan Jones, which I shall use to explain

conditions in the political environment; the entrepreneurial model of John Kingdon, which I shall use to explain where new policy proposals come from in the development industry; and the modified incrementalist model of Michael Hayes, which I shall use to explain conditions in the task environment.

Punctuated Partial Equilibrium in the Political Environment

Baumgartner and Jones (1993) adapted the punctuated partial equilibrium model of change from paleontology to public policy, and showed why some policy changes are major and others are not. The key is feedback from the political environment. Whenever feedback switches from negative to positive, from public satisfaction with the status quo to dissatisfaction, the political actors in control of the agenda will be prompted to make changes, and agencies' policy equilibria will be punctuated. Whether these changes amount to a full scale shift in the dominant paradigm and a completely new way of doing business, or only marginal alterations of existing strategy and the extension of the paradigm, depends in part on the strength of the political feedback.

Why does political feedback switch to positive? I wish to suggest there are two basic reasons. The first is because of crises, for example the energy shortages of the 1970s. Crises are, obviously, largely unpredictable. The second basic reason why political feedback switches to positive are elections. Political campaigns tend to excite positive feedback, especially the quadrennial U.S. presidential election. The common use of the term "landslide" to describe a major political victory very well describes the amount of force I suggest is required to shift a paradigm. From this premise I will use the theory of punctuated partial equilibrium to explain the historical changes in AID's political environment. The key events are displayed in the timeline in Appendix C.

Two major punctuating events

I have already argued that there have been two substantial policy "punctuations" in AID's history, the first made by Congress and the second by the President. In both instances, relatively small changes in inputs cascaded into large policy effects. A paradigm shift occurred and the dominant strategy changed.

The New Directions: The first development paradigm, as we have seen, was the state-led drive for economic growth that contradictorily went forward under principles of domestic protectionism. By 1970 most of the development programs launched in the first decade of development were proving to be failures.

In this climate the 1972 elections, as always, caused political feedback to switch to positive. The pressure was particularly strong that year because of polarization over Nixon's policies in Southeast Asia. Nixon won reelection in a landslide victory, but was returned to office facing a solidly Democratic Congress. The strong positive feedback stemming from opposition to the war burbled through the Congress and onto the agenda. The eventual result was a series of laws passed by the legislature to restrict the President's power to make foreign policy. Among these was the 1973 law which changed foreign aid policy called the New Directions.

This amounted to a shift in the development paradigm. Concern for growth did not disappear, but it was leavened by a new concern for equity. The dominant strategy of institution building gave way to reaching the poor majority.

The period of reaching the poor majority was the highpoint of liberal altruism, the time of greatest influence for the "front room" policy makers. The new approach met with resistance, at least in the case of the AID mission in Tanzania, where its introduction coincided with the radicalization of Ujamaa and the Nyerere government's public

expressions of contempt for Kissinger's conduct of U.S. foreign policy. The resistance came from the ideological confreres of the "back room" conservative realists in Washington. The new strategy did not enjoy the same degree of wide acceptance that institution building had. The result of the resistance from the pro-Nixon and Ford conservative realists undercut the support of the pro-Carter liberal altruists. The consequence was a weak and unstable policy equilibrium that lasted only seven years.

The 1980 election: The second major punctuating event began in 1981 when the Reagan Doctrine went into effect. Political feedback had switched to positive as usual during the 1980 election, but the feedback was unusually strong, as in 1972. This time the issue was poor economic conditions at home and humiliating reversals abroad, especially the hostage crisis in Iran. The result again was major change in foreign aid policy, a shift in the development paradigm, and the replacement of the dominant strategy of reaching the poor majority with one of forcing political reform.

Six minor punctuating events

There have been six lesser punctuations in the AID equilibrium, two made by Congress and four by the President. I shall treat these in detail below. The 1966 FAA and the 1987 DFA were minor changes made by Congress. The 1964 Mann Doctrine of noninterference, Nixon's 1970 "Tar Baby" option, the 1977 Carter Doctrine, and the Clinton administration's 1995 reengineering of AID were the lesser changes made by the White House. None of these six resulted in paradigm shifts because the positive political feedback was inadequately strong. Instead they extended the existing paradigm.

The punctuated partial equilibrium model succeeds in explaining why some changes result in paradigm shifts and a new dominant strategy while others are limited to incremental reforms of existing strategy and

the preservation of the existing paradigm. Simply stated, the impetus for change comes from positive feedback that political actors react to and channel into new policies. Where do the ideas for new policies come from?

Entrepreneurship in the Policy Community

John Kingdon (1984) has argued that in every area in which government is active there exists a "policy community." There are within all policy communities "policy entrepreneurs," people with policy proposals they want to get onto the agenda. Policy entrepreneurs may be professional lobbyists representing business interests, legislators, bureaucrats, academics, or members of concerned citizens groups. Policy entrepreneurs behave very much like snipers, lying in wait for an opportunity to take a shot, that is, to push their cause. Targets are presented when "windows of opportunity" open, typically either when there is a crisis or when new actors capture control of the agenda. Kingdon argued that whenever there is a crisis or a change in control of the agenda, political actors open windows of opportunity through which rival policy entrepreneurs begin to vie with each other to push their proposals onto the agenda. The important point is that within each policy community there are at any moment in time a multiplicity of policy alternatives, something akin to a "primal soup" of ideas. Which ideas make it onto the agenda, which ideas get acted upon and receive resources, depends first upon the opening of a window of opportunity and second upon the outcome of the competition among rival policy entrepreneurs trying to push their ideas through.

Punctuated equilibrium and policy entrepreneurship

By fitting these two models together it is possible to show why policy change occurs, or more precisely, to explain the magnitude of

policy change, and also to account for where the ideas for new policies
come from, and how they move onto the agenda.

The magnitude of change--whether policy changes amount only to
extending the paradigm through marginal alterations of existing strategy
or are part of a full scale shift in the dominant paradigm and result in
a completely new way of doing business--is determined by the strength
and direction of political feedback, or more precisely, the amplitude of
its positivity. The ideas for new policies come from a virtually
unlimited supply in the policy community, in AID's case the development
industry. When feedback switches to positive, the political actors in
control of the agenda are stimulated to open a window of opportunity.
Which direction the window faces is determined by the actors in control
of the agenda. Whenever a window of opportunity opens, policy
entrepreneurs begin to struggle with each other to push their ideas
through and onto the agenda. Positive political feedback acts as the
bolt of lightning that sparks new life from within the primal soup of
ideas.

AID's six minor punctuating events resulted in changes in existing
policy, but no shift in the development paradigm, and thus no change in
the dominant strategy. The two major punctuating events, as I have
suggested, both produced paradigm shifts and new dominant strategies. I
shall now review all eight events in historical order and interpret them
theoretically.

The 1964 Mann Doctrine: Political feedback switched to positive
during the 1964 presidential campaign. After Johnson's reelection, a
struggle for control of the foreign policy agenda began between the
generally liberal "New Deal" Kennedy appointees Johnson inherited and
the generally conservative, more "Green Beret" element of the foreign
policy establishment. Johnson desired to put his imprimatur on foreign
policy, and appointed Thomas Mann to develop a doctrine. The result was

a policy of noninterference that overturned the core principle established since Bretton Woods and replaced it with what evolved into what I have termed the "Big Lie" of international development: that politics didn't matter. It was now official U.S. policy that the inner workings of recipient country political systems were sacrosanct. Progress was declared to be apolitical.

The Mann Doctrine did not cause a change in the dominant strategy of institution building. With its focus on fighting communism and defending access to cheap raw materials, with political order seen as more important than democratic form, the doctrine served to extend the paradigm of state-led growth. It was a victory for the conservative realists over the liberal altruists. The U.S. began its ill-fated move from champion of democracy and civil liberties to chief apologist for reactionary authoritarianism.

The 1966 FAA: The first significant reform of the Foreign Assistance Act was passed by Congress a year after the Mann Doctrine was pronounced. It was something of a liberal counterattack. A different set of actors formed a coalition in Congress and took control of the agenda and opened a window through which a new set of policy alternatives passed onto the agenda. The era of big capital-intensive infrastructure projects was ended, and a new emphasis on agriculture and social services begun. Policy entrepreneurs pushed the tactic of integrated rural development onto the agenda at this time. AID began changing its project portfolio in Tanzania from building college campuses and urban water systems to undertaking big integrated agricultural and public health projects.

The most far-reaching section of the 1966 FAA, Title IX, which required AID to encourage popular participation in development, was not widely applied. The conservative rearguard checked this aspect of the liberal initiative. There was insufficient positive feedback behind the

1966 FAA to shift the strong-state paradigm. Institution building remained the dominant strategy, and the "Big Lie" continued to spread.

The "Tar Baby" option: In 1968 political feedback changed to positive again in response to the presidential election. A new set of actors captured control of the agenda, and a new doctrine resulted in 1969. The Nixon Doctrine upheld the "Big Lie." The so-called "Tar Baby option" appended to the doctrine was a victory for conservative realism in Africa policy. "Tar Baby" paid lip service to the principle of majority rule, but supported the white minority regimes of the Portuguese colonies, Rhodesia, and South Africa. It was a third minor punctuating event, an extension of the strong-state paradigm, and a continuation of institution building.

The New Directions: The first instance of sufficient positive political feedback to cause a paradigm shift began with the presidential elections of 1972. Nixon was returned to the White House, but a heavily Democratic majority was brought to Congress in 1973. The New Directions would be passed that same year. It would directly and substantially alter AID's operations. The Budget Reform Act, which would drastically change AID's authorization and appropriation procedures, would be passed in 1974.

The New Directions was the first of the two major punctuating events in AID history. It caused a shift in the development paradigm, and a new dominant strategy for AID; institution building gave way to reaching the poor majority. The New Directions was a victory for the liberals opposed to Nixon's imperial presidency, especially the conduct of foreign policy by Henry Kissinger.

The Carter Doctrine: Political feedback changed to positive again during the 1976 presidential elections. A new set of actors took control of the agenda. Carter entered office with a solid Democratic majority in both house of Congress. His administration opened windows

to new sets of policy entrepreneurs. Liberal altruism reached its height of influence, and the tactical approach of integrated rural development entered its heyday. The new administration's concern for human rights and its new Africa policy, which ended U.S. support for white minority rule, was backed up by the decision to make political reform a condition for receiving American aid. The Carter Doctrine punched holes in the "Big Lie" and restored the principle of the White Plan, but only partially.

The problem was the new policy was not evenly applied. The realists in the administration, especially the national security advisor, Zbigniew Brzezinski, maintained the conservative concern with geopolitics. American aid flows to Zaire, for example, remained intact despite the brutality of the Mobutu regime because of the presence of Soviet and Cuban forces in neighboring Angola. In Tanzania, American aid was increased despite the human rights violations of the Villagization Program in order to curry favor with the Nyerere government and to gain its critical support for the new U.S. policy on Rhodesia.

The New Directions did not dislodge the "Big Lie." In the case of Tanzania, the task of defending it was taken up by the liberals. The Carter Doctrine left the "Big Lie" in effect in certain areas. It therefore amounted only to a fourth minor punctuation of AID policy, an extension of the paradigm of state-led equitable growth and the strategy of reaching the poor majority.

The Reagan Doctrine: The second instance of positive political feedback sufficiently strong to cause a paradigm shift began with the elections of 1980 which brought Reagan to the White House and reduced the Democratic majority in Congress. The 1981 Reagan Doctrine was the second major punctuating event in AID's history. The determination of the new actors who were now in control of the agenda to end state-led

social programs resulted in a gaping window of opportunity for a new set of development policy entrepreneurs. They successfully pushed new alternatives onto the agenda that stressed private sector initiatives and public sector reform. A shift in the development paradigm occurred, and the dominant strategy of reaching the poor majority gave way to forcing political reform.

Political development began to enjoy a renaissance. A second wave of political development programs was launched, initially limited to public sector reform under the rubric of "governance." Most significantly for the Mission in Tanzania, the Reagan administration tore down the last remaining fragments of the "Big Lie." Political variables got onto the table. This was, ironically, a victory for the right. The liberals ended their period of greatest influence as the last-ditch defenders of a policy originally crafted by conservatives. But then to the surprise of all, the Mission was ordered to begin shutting down. The conservatives closed ranks with the liberals to oppose the close out, but to no avail.

The 1987 DFA: The passage of the 1987 Development Fund for Africa was the fifth minor punctuating event, and the most feeble. There was very little positive feedback behind the measure. Congress had spent two years trying to learn from the lessons of the 1985 Ethiopian famine, and passed the DFA as an attempt to find a way of nipping disaster in the bud. The idea was to eliminate the need for future massive relief efforts (AID's most expensive, least effective, most politically popular programs) by enhancing AID's capability to carry out successful development (AID's least expensive, most effective, and least popular programs) by freeing the Africa Bureau of some of the many restrictions which Congress had placed on AID over the years. The problem was the act was passed under conditions of very weak political feedback. There was almost no popular interest in the measure. As a consequence, within

a few years Congress began to dismantle the DFA, and in 1995 voted to repeal it altogether.

The 1995 reengineering of AID: The normal change to positive political feedback that accompanied the 1992 elections produced another unified Democratic government. Political pressure was not, however, sufficiently positive to cause major change. The reason was that the election came hard on the heels of the dissolution of the Soviet Union. Many Democrats who in the tradition of Senator Fulbright disliked the bilateral aid program took this opportunity to cross over to the side of AID's enemies. Thus the end of the Cold War provided an opportunity for liberal altruists to vivify the Kennedy ideal of using foreign aid to support democracy, but it also eliminated the main rationale for AID's existence. This and earlier revelations of corruption in AID brought the agency under renewed political attack from both wings of the spectrum, from both parties. Thus, instead of undergoing a paradigm shift, AID was offered up as a "laboratory" for reinvention. The experiment in redesigning AID took precedence, and no change occurred in the dominant strategy of forcing political reform. The result was a sixth and final minor punctuating event.

Combining the concept of punctuated partial equilibrium with the concept of policy entrepreneurship permits us to see under what conditions new policies get onto the agenda, and where the new ideas come from, but it is inadequate for determining how the new ideas will fare once they go into effect. That actors in control of the agenda are stimulated by positive political feedback to open a window of opportunity through which new alternatives are pushed forward by policy entrepreneurs is not sufficient to ensure a paradigm shift. Orders are not self-executing. Field level personnel must be amenable to the new ideas if the change is to amount to a paradigm shift and result in a new dominant strategy.

Incrementalism in the Task Environment

Incrementalism as developed by Braybrooke and Lindblom (1963) is a theory which describes policy change in terms of the clash of competing ideas under conditions of limited knowledge and constraints of time. Michael Hayes (1992) has explained instances of nonincremental policy change in terms of confidence in knowledge about what to do. Confidence in the knowledge base determines receptiveness to new ideas. If confidence in current programs is high, new ideas will not be well received. This is a crucial factor. Whether a punctuating event is minor or major, whether it represents a paradigm shift or normal incrementalism, depends on the level of confidence in the field, on policy implementors. If the confidence of implementors in current programs is high, the effect of a punctuating event will be blunted by stubborn loyalties to the old way of doing things. Opinion will divide; the policy will meet with resistance and be compromised. Change will occur under conditions of normal incrementalism.

In the case of Tanzania, confidence in the institution building strategy initiated at the inception of the agency declined over the course of the 1960s as the big capital-intensive projects largely failed to benefit the mass of the population, but did not disappear entirely. There were still a large number of institution building loyalists scattered throughout the agency when the strategy of reaching the poor majority was initiated by Congress. Confidence in the new approach was never very high in Tanzania. Its reception was complicated by its coincidence with the radicalization of Ujamaa.

The new strategy of reaching the poor majority went into effect in Tanzania under the conditions of the "Big Lie" authored by conservative realists. When the Nyerere government began to radicalize the Ujamaa experiment, it became impossible for the conservatives in the Mission, the intellectual heirs of the Mann Doctrine, to continue to pretend that

Tanzanian politics were having no effect on the Tanzanian economy. Ironically, the role of maintaining the "Big Lie" in Tanzania was taken up by the new generation of liberal AID direct hires, many of them ex-Peace Corps volunteers, who came onboard under the New Directions sharing an extreme antipathy toward Kissinger's conduct of U.S. foreign policy. The Mission split into liberal and conservative camps over the issue of continuing the big integrated rural development projects in Tanzania. The two camps were characterized in the 1978 Appraisal Report as those who supported the growth-with-equity philosophy of Ujamaa (the liberal altruists) and those who faulted its lack of pragmatism (the conservative realists). The result was deadlock in the Mission, and a patchwork development program.

Confidence in the strategy of reaching the poor majority declined in AID as a whole as the big integrated rural development projects begun in the late 1960s failed to perform as expected. The lowpoint in confidence coincided with the presidential election of 1980. The extremely positive political feedback brought out by the election campaign coincided with low confidence in the field, creating the conditions for a paradigm shift, and the strategy of reaching the poor majority gave way to forcing political reform.

Confidence in the new approach was quite high throughout AID, but the new strategy was met with something less than high enthusiasm in Tanzania because it required the Mission to begin shutting down. There was substantial unanimity of opinion about the new strategy when the Mission began gearing back up in 1987 after the Mwinyi government renounced Ujamaa, but it began to flag in the early 1990s when the hoped for economic turnaround did not materialize and the Mwinyi government proved itself to be substantially more corrupt than the Nyerere government had been.

Confidence had not reached a critical lowpoint by the 1992 American presidential election, however, and the political feedback resulting from the campaign was not sufficiently positive to cause a paradigm shift. Thus the new approaches of improving governance and forcing democratization were pushed onto the agenda at a point in time when AID was passing through a period of poor administration and high internal corruption and, especially after the 1994 elections, came under serious threat of being abolished, the condition AID finds itself in today as it undergoes its reengineering. Confidence is the old way of doing business is low. AID is ripe for a third paradigm shift, if it survives.

Pressure and Confidence: Explaining Paradigm Shifts

I have argued that the two most significant punctuations of AID's partial equilibrium were in 1973 and 1981. These were paradigm shifts, caused by two conditions: strongly positive political feedback in America and low confidence in the old way of doing things in the field. The most substantial of all policy changes made in the agency went into effect beginning in these two years. The dominant strategy changed.

These two major punctuating events divide AID's history into three time periods. Each time period was characterized by a different dominant strategy and different development tactics. In the first period the dominant strategy was institution building and the tactics were filling gaps in skills, infrastructure and capital. By 1973 confidence in gap-filling tactics had sagged at the implementation level. Evidence had accumulated that institution building was not improving the lot of ordinary people. A new set of actors in Congress took control of the agenda and passed the New Directions. This did not so much elevate new alternatives to the level of policy as ratify what was already going on. The second period of AID's history began in 1974.

The new dominant strategy was reaching the poor majority, and a top-down version of integrated rural development became the main tactic. By 1980, confidence in integrated rural development had faded among AID implementors as the big agricultural projects first begun in the late 1960s and throughout the 1970s failed to achieve their goals. Development economists began to turn their gaze on political variables.

The Reagan administration thus took control of the agenda at a moment of extremely positive political feedback in America and extremely low confidence in the field, particularly so in Tanzania. The third period of AID's history began with a new dominant strategy of forcing political reform and new tactical methods based on private sector initiative encompassing the learning process approach and using indigenous knowledge.

The Net Effect: AID's Behavior in Tanzania

I suggested in Chapter 1 that AID has never served, as conservative realists maintain, simply to funnel bribes to Tanzania to elicit its cooperation. Nor has it been, as liberal altruists maintain (or at least urge), dedicated purely to philanthropy. Rather AID's behavior has been a complex combination of the two propensities.

The pragmatic altruism of AID

The strategy and behavior of AID in Tanzania was guided in part by altruistic principles. Some of the altruism came from within the Mission, from the common desire of AID personnel to do good in the world. The language of the Mission's planning documents are replete with expressions of concern about helping Tanzanians improve their lot, and based on evidence from the interviews given below, there is no reason to believe these expressions were insincerely made.

Some of AID's altruism was legislated by Congress, the increased support for agriculture after 1966, for example. The Mission would

later claim that the changes in its project portfolio it made after 1966
were in response to the 1967 Arusha Declaration, but this is probably
not true.

Some came from higher levels in the agency. An example is the
1972 policy that all future AID loans were to be directed toward those
countries financially capable of carrying them and grants toward the
least developed. This policy seems to have been in anticipation of the
New Directions.

Where it counted, conservative realism always prevailed in AID.
The biggest changes in new spending obligations in Tanzania were the
result of calculations of the national interest. Aid was provided to
Tanzania in the first few years for the express purpose of preventing it
from going Communist. The cuts Congress made in 1966 and 1967 were an
expression of discontent for the war in Vietnam, and did not affect
AID's policies in Tanzania. Beginning with Nixon, different
administrations changed the amount of new aid to Tanzania in targeted
budget cuts and increases according to Tanzanian attitudes toward U.S.
foreign policy.

Putting its money where its mouth is: AID spending obligations

Figure 1 below shows new spending obligations per year from 1961-
1994. The variance became markedly sharper after 1970. New aid
obligations fell as a result of the 1966 and 1967 budget cuts, then rose
to a height of $94.3 million in 1970, new aid given partly to make "Tar
Baby" more palatable to the Tanzanians and partly to match the Chinese
railroad project. Two years later in 1972 new obligations were slashed
to zero, to punish Tanzania for the dance of Salim. New aid commitments
rose again in 1973 as a second wave of big integrated development
projects came on line, then began to tail off. The jump in 1975 was due
to the emergency humanitarian loan to avert famine, a rare instance of
altruism overruling realism in a funding decision. In 1976 and 1977 the
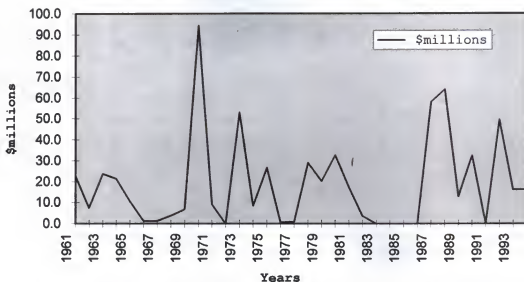
Figure 1: New spending obligations in Tanzania, 1961–1994

amount was reduced to less than $1 million in response to Tanzania's denunciation of the U.S. role in Angola. It wasn't until 1978, the second year of the Carter administration, that American aid was increased. It was done, at least in part, to garner Tanzanian support for a new U.S. policy toward Rhodesia. Relations warmed, and aid amounts remained fairly constant during the last three years of the Carter administration.

Then in 1981 American aid was reduced again, this time by the Reagan administration, this time to apply pressure on Tanzania to renounce socialism. From 1983 to 1986 the U.S. obligated no new spending in Tanzania. In 1987, a year after Tanzania officially abandoned Ujamaa, new obligations shot back up as a reward. Spending was cut back to zero one more time, in 1991 under Bush to punish Tanzania for its defiance during the Gulf War.

Number of Projects

The AID mission in Tanzania launched the same average four new projects per year during Johnson's five years in office from 1964-68 as during Kennedy's three years from 1961-63. However, the heavy budget cuts made by Congress in 1966 and 1967 resulted in lower average new spending commitments under Johnson: $8 million per year, less than half the $18 million under Kennedy. Given Nyerere's denunciation of Dragon Rouge as "another Pearl Harbor," Johnson was undoubtedly not averse to the cuts made to the mission in Dar es Salaam. While the total amount of new spending obligated in Tanzania doubled from the first half to the second of the institution building period, the total number of projects launched was halved, from 38 in 1961-1966 to 18 in 1967-73. The net effect was a quadrupling in the average cost of a project, from $2.2 million in the first six years to $9.4 million in the next seven.

The average number of projects launched per year continued to decline during the period of reaching the poor majority. An average four projects were launched per year from 1961-73. From 1974-80 the average number was two. The average cost per project therefore continued its increase, from $4.6 million overall in the institution building period to $7.4 million in the period of reaching the poor majority.

The number of projects launched per year continued to decline through 1981-94, falling from an average two projects per year to one. The cost per project thus continued its climb, nearly doubling from $7.4 million in the period of reaching the poor majority to $13.9 million in the period of forcing political reform.

Sectors of Activity

I consider the 90 largest projects launched from 1961-1994. As stated in Chapter 1, I have attributed the full cost of each project to

the year it was approved, and have apportioned new spending obligations
by sectoral activity to best reflect what the project was attempting to
do. I break activities down into five sectors. Nearly all AID projects
are multipurpose. For those that were active in several sectors at
once, I have apportioned the total amount obligated for a project to
different sectors according to an estimate based either on the thumbnail
sketch of each project contained in AID's in-house 1985 history of the
Mission, or in the individual project papers.

AID obligated a total of $644.7 million in new project spending
from 1961-1994. Of that, $254.9 million was obligated during the
thirteen years of the institution building period, $19.7 million per
year. A total of $118.6 million was obligated in the seven years of
reaching the poor majority, an average $16.9 million. The remaining
$271.2 million was obligated during the fourteen years 1981-1994 of
forcing political reform, an average $19.4 million.

Table 4. Total and average new spending obligations, 1961-1994.

Years	Total	Average
1961-1973	254.9	19.7
1974-1980	118.6	16.9
1981-1994	271.2	19.4

Interestingly, new spending obligations during AID's presumably most
altruistic period of reaching the poor majority averaged about 15
percent lower than in the other two.

Table 5. Average and total spending by sector, 1961-1994.

	Infrastr	Soc Serv	Pub Admin	Agri	Finance
1961-73	6.8	3.6	2.6	7.0	0.0
1974-80	0.9	4.7	2.5	4.6	4.3
1981-94	8.8	3.5	5.4	0.2	3.8
TOTAL	165.0	132.5	132.0	127.2	87.6

Support for infrastructure

Figure 2 shows spending over time in the sector which received the most support, infrastructure, including support for light industry, the construction of highways and buildings, and the renovation of urban water systems, against the total. New spending on infrastructure was curtailed by the 1966 FAA. The Mission closed out all its construction projects as required, but built large infrastructural components into many of the new agricultural projects.
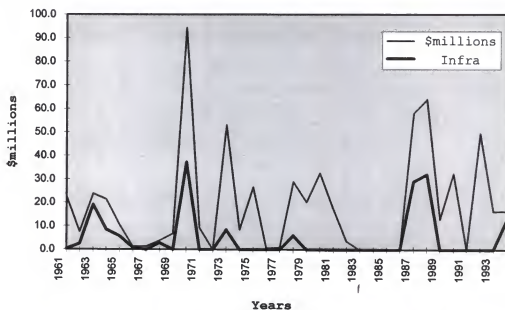

Figure 2: Support for infrastructure against total
new spending

For example, the $14 million Masai Livestock and Range Management Project launched in 1970 provided for the construction of water points, dips, veterinary facilities, training centers, and 145 miles of feeder roads, thus violating the spirit if not the letter of the law. The net effect in Tanzania was that new spending on construction projects increased from an average $5.2 million in 1961-1966 to an average $8.1 million in 1967-1973.

The "Tar Baby" option and the U.S. response to the Chinese railroad initiative resulted in a fourteen-fold budget increase for the Mission as a whole from 1969 to 1970, almost $35 million of which went to the Tan-Zam Highway project, an example of a presidential decision overriding a congressional rule. There was no new spending in the infrastructure sector under Ford, and only an average $1.5 million under Carter.

One hundred sixty-five million in constant dollars was spent on construction activities between 1961 and 1994. Most was spent during three periods of intense activity. The first was the construction of college campuses and urban water systems in the 1960s. The second was the Tan-Zam Highway. The third was the rehabilitation of rural roads and the TAZARA railway after Brooke. There were three smaller increases. The first and second in 1973 and 1978 represented construction components included in the big agriculture projects launched after 1966. The third increase was for a 1994 rural telecommunications project.

Support for social services

Figure 3 below, shows spending on the second most supported sector, social services, including public education, rural water projects, and public health. This sector received a total of $132.5 million from 1961-1994.
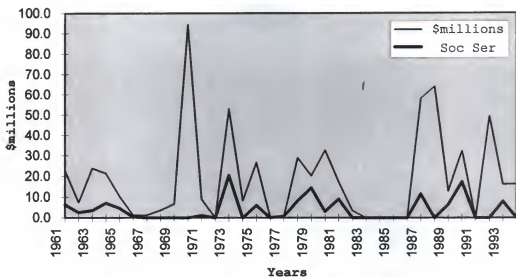
Figure 3: Support for social services against total new spending

American assistance to Tanzania's social service was a fairly constant factor. Increases and decreases mirrored overall changes in new obligations. An interesting exception was the increase following "Tar Baby," when very little of the largest bump of all went into social services.

Support for public administration

Figure 4 below shows spending on public administration, including the provision of Western personnel to fill the "manpower gap" and the training of government officials and Tanzanian project personnel. Support for public administration received $132.0 million, almost the same amount for social services. Support in this sector was also fairly steady. It decreased from an average $23.0 in the first seven years to $9.7 million in next six during the period 1961-1973, then reversed the decline in the 1974-1980 period of reaching the poor majority, rising from an average $700,000 in 1974-76 to $3.8 million in 1977-80, an average $2.5 for the period of reaching the poor majority, and rising
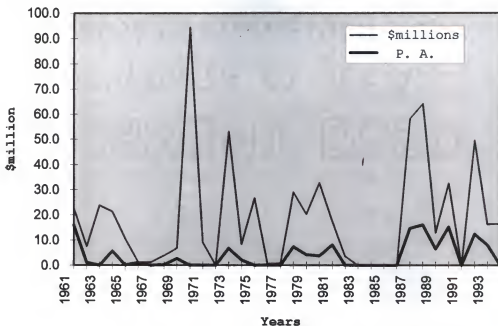
Figure 4: Support for public administration against total new spending

further to $5.8 million in 1981-94 in the era of forcing political reform.

Support for agriculture

Figure 5 below shows spending on agriculture, including research, food production, and marketing. The first U.S. aid to Tanzania was for an agricultural project in 1955. For some reason, interest in agriculture was very low in Tanzania during the early years of AID. The first big increase came in the late 1960s, a clear response to the 1966 FAA mandate. Total new obligations jumped from $2.4 in 1961-66 to $88.6 million in 1967-73, a combined average of $7.0 million for the institution building period. Annual new spending for agriculture continued to rise, from an average $1.6 million in the years 1974-76 when the Republicans controlled the White House to $6.9 million in 1977-80 under Carter, a combined average of $4.9 million for the period of

reaching the poor majority. After Brooke was lifted in 1987, however,
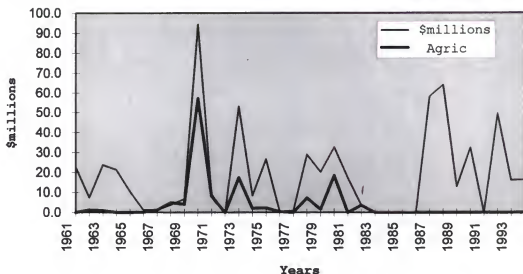
Figure 5: Support for agriculture against total spending

support for agriculture was not resumed. The heavy support the U.S.
provided for rural roads reconstruction was considered to be in indirect
support of agricultural production.

Support for the financial sector

Figure 6 below shows support for the finance sector, including
rural credit schemes, technical assistance to central banking, and
direct cash transfers for balance of payment support. AID obligated a
paltry $240,000 for Tanzania's finance sector in 1961-1973. Significant
support did not begin until the 1970s, first with a 1974 project to
strengthen the Tanzanian Rural Development Bank, followed by balance of
payment support provided in the 1975 humanitarian loan. There were four
other periods of activity in Tanzania's finance sector: a second project
to support Tanzania's banking system in 1980; a commodity import
component to the rural roads and railway rehabilitation projects that
followed Brooke in 1988; the Finance and Enterprise Development project
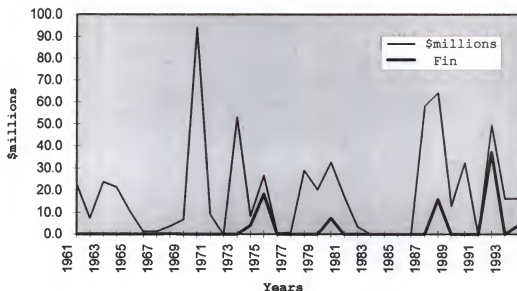
Figure 6: Support for financial sector against total new spending

launched in 1992; and the seed capital component in the 1994 project to establish a rural telecommunications industry.

Constraints on AID Autonomy

Respondents were asked to rate on a scale of one to five the strength of the constraints on AID of different influences from inside

Table 6. Rank order of different constraints on AID autonomy. 5=very strong, 3=neutral, 1=not strong.

	5	4	3	2	1	N	Avg
Congress	13	7	3	0	0	23	4.3
President	14	4	2	2	0	22	4.0
For.Policy	10	7	1	3	1	22	3.8
Evaluators	1	5	12	3	0	21	3.1
State Dept	2	7	7	2	2	20	2.7
GAO	1	6	7	3	1	18	2.4
Judiciary	1	1	3	1	11	18	1.3

the government. Table 6 above shows the results. Average scores reveal
the three strongest were the Congress, the President and foreign policy.

Respondents were also asked to rate on the same scale how
responsive AID has been to five different influences from outside the
government. The average scores in Table 7 indicate that AID is not
extremely responsive to any of the five outside influences. There
seemed to be agreement that the media, although a minor influence, is a
mainly negative one, except in the case of mass suffering. A Tanzanian
thought the media "can be positive, especially when there's starvation.
That's when the media can help you." An official in Washington said,
"Their impact on development programs is largely negative; they're
looking for fraud, graft, failed projects, corruption in the country
. . . . But their impact on humanitarian programs is largely positive.
When they start showing pictures of starving babies, the aid comes
pouring in." A retired official offered a similar opinion. "The
American public dislikes the kind of aid that works, but loves disaster
assistance. We love to spring to someone's rescue." One official in
Tanzania qualified his low estimation of the influence of academic
research by saying that it influences the agency indirectly, filtering
into the planning process unbeknownst to AID officials through outside
consultants who read the academic literature and attend conferences.

Table 7. Rank order of opinions on how responsive AID is to different
influences, 5=very responsive, 3=neutral, 1=not responsive.

	5	4	3	2	1	N	Avg
Special Interests	2	9	6	1	1	19	2.9
Other Donors	2	5	7	6	0	20	2.7
Tanzanian Govt.	2	4	6	4	3	19	2.5
Popular Media	2	3	9	4	2	20	2.2
Academic Research	0	2	5	8	5	20	2.0

This was borne out in the results of the next question on how responsive AID has been to the four tactics (later formalized by academics into four theories of development) considered in this study. Table 8 shows the results. AID was judged to have been responsive to the institution building approach, less responsive to the other three.

Table 8. Opinions on how responsive AID has been to different theories of development. 5=very responsive, 3=neutral, 1=not responsive.

	5	4	3	2	1	N	Avg
Institut. Building	3	8	2	0	0	13	4.1
Learning Process	2	6	3	2	0	13	3.6
Int.Rural Develop	4	1	5	2	1	13	3.4
Indig. Knowledge	4	4	0	1	3	12	3.4

AID and the Other Donors

AID maintained a high degree of autonomy from the other donors in Tanzania, including the World Bank, throughout the period under study, 1961-1995. The first AID country plan stated quite plainly that "we do not consider it desirable for the external aid donors to do more than continue to keep in close touch, exchange information on their aid activities and avoid specific duplication" (USAID, CAP, 1963a). The Mission did not respond to the recommendation of the 1966 Korry Report that American aid be coordinated by the World Bank. From the 1961 FAA until the New Directions, in relation to the other donors AID charted its own course in Tanzania.

A 1976 report summed up the Mission's attitude during the second period. AID's programs "should be consistent, or not in conflict, with, and in some cases might be supportive of, programs of other donors. In general, however, they should not be dependent upon other donor programs

for their management, operation, or success (USAID, Conceptual Framework, 1976). The 1978 Appraisal Report resurrected the controversial recommendation of the 1966 Korry Report and advised the Mission to "depend increasingly on the World Bank to develop and negotiate an overall agricultural strategy with the Government of Tanzania" (USAID, Appraisal, 1978). This reiteration of the proposal met the same fate as the Korry Report; AID remained aloof from the other donors in Tanzania. In AID's view, coordination among donors was desirable only to the extent that other donors conformed to AID.

The Mission reported in 1990 that it was having success in this regard. "Another significant turn of events is the much more critical approach of the Nordic countries. . . . They appear to be aligning their assistance to that of USAID's program systems approach. This represents the most important result of our donor coordination effort thus far" (USAID, API, 1990).

Feedback as Control in AID

In the institution building period AID relied on project output information to gauge project success. Examples of the sorts of statistics AID compiled and reported were kilometers of roads or numbers of buildings completed and numbers of Tanzanians educated. The Mission's goals for aid to education, for example, were to achieve a 200 percent increase in the annual number of secondary school certificate candidates and a 300 percent increase in "higher school" certificate candidates by 1968 (USAID, CAP, 1963a). The indicators established for the Masai Livestock and Range Management Project were "the per-man and per-acre productivity of Masai herdsmen" (USAID, PBS, 1970) to be measured in terms of increased "livestock offtake in the Masai District" (USAID, FBS, 1974).

The success indicators of the first period were essentially output quotas. They were not concerned with cost minimization. The idea of determining the effect of AID projects on people's lives was also not considered. During the institution building period the Mission did not look at the numbers of graduates who were finding jobs or the types of jobs they were finding. No one seems to have asked the Masai whether they wanted to increase their "livestock offtake."

By 1975 AID was beginning to develop indicators of program success that differed from the project output statistics used in the previous decade. The new indicators did not represent a change from a quota production to a cost minimization approach. Instead, the attempt was to measure effects more directly. The development of these indicators was pioneered by the new and as yet quite junior division of Health and Human Population. The concern was on preventative--not curative--health care. Project results would not be measured in output statistics such as the numbers of health centers constructed or personnel trained, but in terms such as, in the case of Tanzania, "the ratio of population to doctors and health facilities to population. . . distribution and placement of health services in centers of population [and] the way in which health services are used by the people in the various parts of the country" (USAID, DAP, 1975).

As the new way of thinking gained currency in the agency, the type of feedback the Mission sought in Tanzania slowly began to change from measures of output to measures of effect. The process was, however, still incomplete by 1980. After the paradigm shift and the new strategy of forcing political reform went into effect, the desire in Washington for missions to quantify "people-level impact indicators" (or "benchmarks" as they were also called) became serious. On April 13, 1985 the Africa Bureau cabled its missions that "benchmarks need to be specific and quantified as much as possible and directly related to

changes the program is trying to effect." On December 6, 1986 it cabled about the "need for more precise program-level indicators that can help to identify progress more objectively. . . quantified to the extent possible."

It took time for the missions to catch on to what was wanted. On May 8, 1991 the Bureau cabled several missions to say there were "major gaps in understanding what the Bureau means when it requests reporting on people level impact," and singled out the Tanzania mission as an example of the problem. Its indicators still "reflected a strong output bias rather than people level impact." Nine months later the Tanzania mission still wasn't getting it. On February 14, 1992 the Bureau complained that the problems with its indicators was making it impossible "for reviewers to see the progress being made from year to year." The Bureau made a recommendation. "If an indicator cannot be quantified, it would be helpful to the reviewer if the means of measurement could be described in a narrative form."

Finally the Mission got it. The change in its indicators is apparent in two projects launched three years apart in 1988 and 1990. The first, the $64.2 million Agricultural Transport Assistance Program (ATAP) started in 1988 had no indicators, for which reason the Mission came under fire from the Bureau. ATAP's objectives were of the old output variety: to inventory and reclassify rural roads; to develop a national road maintenance strategy; to hire and train personnel; to get the government to increase its road maintenance budget; and finally to rely on private Tanzanian contractors to rehabilitate and maintain 500 kilometers of rural roads (USAID, ATAP Project Paper, 1988). In contrast, the $17.7 million Tanzania Family Planning Services Support Project launched in 1990 included the sorts of indicators Washington wanted to see, for example, an increase in the contraceptive prevalence rate and numbers of acceptors who return for resupply; an increase in

the number of Tanzanians aware of family planning and knowledgeable about at least one modern method of contraception; and a decrease in the average desired family size reported in regularly conducted surveys (USAID, TFPSS Project Paper, 1990). As usual, it was the health division in the lead.

In an August 27, 1991 cable the Africa Bureau perhaps inadvertently revealed what may have been a more significant reason why impact indicators were considered so important. "Where strategic program objectives and performance indicators are unclear, it is impossible to assess program progress and hold managers responsible for making progress toward objectives" (emphasis added). Evidently, people-level impact indicators weren't just there to serve as benchmarks of success; they also provided Washington with a mechanism of control.

Table 9 shows the distribution of opinion on the importance of feedback to AID.

Table 9. Opinion on importance of feedback to AID. 5=extremely important, 3=neutral, 1=not important.

5	4	3	2	1	N
9	5	5	1	0	22

Fourteen of twenty-two respondents thought feedback was important. Several added qualifying remarks. A contractor thought it helped "improve program design, so we don't keep making the same stupid mistakes over and over again like we used to." A direct hire in Tanzania thought it was crucial. "When you've got all these little offices spread out all over the world, communication is critical." An official in Washington spoke of the "need to look at lessons learned from other programs." Another mentioned its usefulness "in reporting to Congress and the special interest groups. We use it in defending ourselves to the press and to the Hill." Not all shared such rosy

opinions. A contractor growled that the only thing feedback was used for in AID was "C.Y.A., Cover Your Ass."

AID and Its Conditions

As AID resumed full scale operations in Tanzania in 1987, the source of its objectives remained Washington, not Dar es Salaam. This statement is supported by the interviews. Nineteen respondents were asked whether they thought AID's objectives were set by the agency or by Tanzania. Eighteen expressed an opinion. Of these, fifteen said they are set by AID and only three by Tanzania. The latter were all Tanzanians.

The people I interviewed were in consensus that U.S. aid is conditional. Of 19 respondents asked whether or not they thought it was, the same 15 who thought AID set its own objectives said they thought U.S. assistance was conditional.

By the spring of 1995, AID had developed a method for relating American aid to "performance."[1] A senior Washington official described the process.

> First we categorize countries. Tanzania is what used to be called a Category I country; now it's called a Sustainable Development country. There are eighteen of these in Africa. The determination of aid is based on size, commitment to economic policy reform and political liberalization. Each year we have a pot of money to allocate. Second, we apply a formula for allocating the pot based on performance, need, and population.[6] Third, we make changes based on mission capacity, Congressional earmarks, and trends in the country. We call the second level of the process "black boxes" and the third level "using the gray matter."

Some respondents described the procedure as collaborative. "It's an iterative process," said one. "We sit down with the government and negotiate item by item." Said another, "We work with countries as

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[1].   The formula related 50% of the amount of aid to the country's level of need, and 50% to its "performance," broken down as economic policy reform (25%), social and natural resource management policy reform (12.5%), and movement toward multiparty democracy and improved governance (12.5%).

partners." Others portrayed the process more like blackmail. "We try
to wrest reforms from reluctant governments," said an official in
Washington. "It's not rent-a-reform as before."

An official at the Mission described how the process worked in
Tanzania in terms that clearly revealed that the era of proud defiance
was over. "The Tanzanians," he said, "are brought in at the end to
stand there and nod yes."

The Structure of AID

There was divided opinion in the interviews about whether AID
really is decentralized or not. Of 20 respondents asked, six thought it
was centralized, nine thought it was decentralized, and five didn't
know. One official in Washington declared that "over time, there's been
a much greater empowerment of the missions. They have power to make
decisions without reference to Washington. Not in all instances, but
often. There's been a delegation of authority." A very senior official
in Washington expressed a different opinion and emphasized the negative
role of Congress in limiting AID's ability to decentralize.
"Conceptually, on paper, our priorities are fully reflective of the
dialogue to determine our sector priorities. In practice, Congressional
earmarks and targets overlay the whole process." An official in
Tanzania said, "We make decisions here in the Mission, but only those
appropriate for this level." A contractor in Washington felt that it
"depends on the day's political considerations, in which case Washington
rules. Otherwise it's the local mission."

Success in international development is known to require field
level adaptiveness. The extent to which AID encourages innovation would
indicate its degree of decentralization. Of 14 respondents asked
whether AID encourages innovation or not, five thought it does, six
thought it doesn't, and three had no opinion. An official in Tanzania

thought Washington was very capricious in this regard. "If it's in the mood to give the field discretion, it does, but if it isn't, it doesn't. It seems to depend on what day it is."

Part II: Inside AID

Under the larger theory of structuration which obviates the distinction between theory and data, macro and micro levels of analysis, and structure and agency, which I have applied to my case study using three elements of different theories of policy change, I now descend levels of analysis to the individual. I have suggested that the analogues to realism and altruism at the individual level of analysis are choice and culture theories of human behavior. I shall offer from within the rational choice school of the social sciences the principal-agent model as one possible explanation for the behavior of the people in the AID mission in Tanzania and its headquarters in Washington. Principal-agent theory predicts organizational dysfunction. As such, it is appropriate to a study of AID because the agency has long been accused of suffering from a host of bureaucratic pathologies.

I shall offer a second possible explanation, or rival hypothesis, that AID's behavior at the level of the individual is better explained by a very different model. I hypothesize that AID has created a strong culture of principled agents.

The First Hypothesis

The main hypothesis reduces to three questions. (1) Is the job market in international development either an oligopoly or relatively competitive? If not, there is no adverse selection problem. (2) Does the homo economicus model of the self-interested individual accurately explain the motivation of a relief and development worker? If not, there is no problem with moral hazard. (3) Do AID's monitoring systems

successfully control its work force, and if so, are they necessary? This question will be answered by the first two.

A Rival Hypothesis

If AID has a strong culture, the principal-agent model will prove inadequate for explaining its behavior in Tanzania. Perhaps the job market in international development is characterized by colluding employers or by fewness of jobs, and there is no adverse selection. Perhaps the chief motivation of people for joining the agency is something other than base self-interest; perhaps AID workers do not bend rules for personal gain, and there is no moral hazard problem.

AID's Culture

As I have already indicated, the nature of AID's task environment requires it to rely on its lower ranks for innovative behavior. I asked respondents for their view. Table 10 displays the results.

Table 10. Opinion on whether AID encourages innovation. N=14.

Encourages	Discourages	Don't Know
5	6	3

A direct hire in Dar es Salaam said, "It encourages innovation rhetorically. In reality, there's a lot of fear of making mistakes, especially by yourself. There's too much work to innovate, so everybody falls back on what's always been done. There's no time to think of new ways of doing things." A Tanzanian direct hire told me, "The last director went around saying 'Innovate, innovate, innovate' all the time," but then said she didn't know how to answer the question.

An official in the Africa Bureau complained, "We're hidebound by bureaucratic procedures. That's the negative side. Working in

development is an art, not a science. I can see after 25 years how things have changed. We used to think we had all the answers. Now I see we can't do anything for the people; they have to do it for themselves. We can only facilitate. This is ingrained in us now. Projects won't work until they become the Tanzanians' projects."

Another said, "There can't be innovation because of the handbooks. You have to follow these. If you try something on your own, you can't get it through the system. We're trying to reduce the handbooks from thirty to three. They're asking people to be more innovative. We've heard this so often, though, every time there's a new administration."

A political appointee said, "I can't answer that. Somewhat. Traditionally there's been a lot of red tape and ponderous management procedures. It's the nature of bureaucracy to suppress innovation. We're trying to change this, but we're not all the way there. To the extent that we do, we're open to new ideas of doing business, but we're not an organization that encourages people to break rules to get the job done. We ask people for their honest answers. We don't penalize them for being honest."

A contractor on his first AID job as the reengineering began to go into effect said, "Today, we had a mini retreat to discuss the realities of reorganization. They sought input from everybody. They have an agenda. There will be a follow up next week. But some of this is because my boss happens to be very good, so these things depend on who's in charge. Personalities matter."

Staffing of AID

In the thirty-five years of aid to Tanzania, AID steadily increased its reliance on NGOs. A cable from the Africa Bureau to all missions on April 13, 1985 referred to "a growing interest in expanding the role" of NGOs in official development. In the 1960-1973 institution

building period in Tanzania 46% of all projects were implemented by NGOs. In the 1974-1980 period of reaching the poor majority, the proportion reached 81%, its height, before declining slightly to 71% in the 1981-1994 period of forcing political reform.

The trend toward increased reliance on NGOs was matched by an increased use of contractors and consultants. A comparison of two different years spanning the election of Jimmy Carter shows the extent to which AID was increasing its reliance on contractors in Table 11. The Mission consisted of 37 direct hires and 53 contractors in 1975, and 44 direct hires and 99 contractors in 1978. The decline in the proportion of direct hires in the Mission from 41% to 31% in four years was a trend that would continue.

Table 11. Frequencies of types of personnel from Ford to Carter.

	1975	1977	1978
USDH	18	20	22
FNDH	19	19	22
Contractors	53	47	99
TOTAL	90	86	143

The change toward increased exogenous staffing had a down side. It produced a caste of project managers who, according to the 1978 Appraisal Report, were unequipped to carry out program analysis. "Few staff members appeared to be qualified for the broader aspects of project management, especially with respect to guiding, analyzing and negotiating the overall direction of projects." Worse, they "sometimes form a screen between top USAID management and project implementors" (USAID, Appraisal, 1978). Here is a direct mention in the record of the effects of the problem of information asymmetry, the strategic use of

their control of crucial knowledge by subordinates to frustrate the will of the hierarchy.

Throughout the two years of heavy budget cuts followed by the four years under Brooke, the Mission steadily reduced its staff. In 1980 there were 22 U.S. direct hires (USAID, ABS, 1980). Six years later, just prior to the signing of the IMF Standby Agreement in 1986, the Mission was down to five (USAID, ABS, 1986). When the turnaround began the following year, the number of U.S. direct hires began to grow. The 1992 budget submission "anticipated" ten by fiscal year 1994 (USAID, ABS, 1992). In November 1994 there were eight. The budget that year was roughly $40 million. The Mission was handling 25% more money than at the start of the 1980s with one-third as many American direct hires.

The change toward increasingly endogenous staffing was partly a consequence of the overall shrinking of AID's size. By late 1995, J. Brian Atwood stated in an interview in Florida that AID staff had been reduced 20 percent in the three years that the Clinton administration had been in office, from 11,500 to 9,200 (Orlando Sentinel, Nov. 27, 1995). A retired direct hire told me that Atwood had adopted the strategy of reporting the same 25 missions AID intended to close as being closed each year, thus exaggerating in the popular perception the magnitude of AID's overall reduction in force. A high ranking official in Washington offered his opinion that the down-sizing and reductions in force were having the positive effect of winnowing out the least competent and improving the quality of personnel. Direct hires were, in his view, the best available people, able to "live among the people and breathe in the cultures, who can give us accurate information and tell us what's going on."

A contractor with fourteen years experience disagreed. He thought AID had changed "from a hands-on, implementation-focused organization doing in-the-dirt development, and became a bank. It attracts different

personalities now. The hands-on people wanted to do development work; the 'bankers' are bean counters; they're cold, heartless and cynical." Another contractor thought downsizing reinforced AID's culture of caution and encouraged "the bureaucratic mentality. These people are not risk-takers, not courageous, not imaginative." He questioned the direct hires supposed knowledge of Tanzanian conditions. "They're moving around so much they don't care what's going on. They only care about their place in the hierarchy. They study the rules, not the local language. Direct hires want to be just sitting in their air conditioned offices and seeing Tanzania through their windshields."

One consequence of downsizing has been increased competitiveness for direct hire jobs. A senior official interviewed in Tanzania related how easy it had been for him to get a direct hire position in the 1960s. "I answered a newspaper ad that said 'Hard work, good pay, great responsibility.' The next thing I knew I was on my way to Washington for training."

By the mid-1990s this was no longer true; competition for direct hire jobs had become quite fierce. Of 18 respondents asked whether they thought the AID hiring process was competitive, 14 said it was. By 1995 AID was carrying out substantial reforms in the field with reduced numbers of direct hires. A consultant described the consequences. "Responsibility is being thrown on the captive audience of contractors and consultants."

Moving Money

Judith Tendler (1975) found that there was a strong imperative to move money in AID, a problem in the development industry that was noted as far back as the Etawah project. Respondents were asked to rate the extent of the problem today. The results are displayed in Table 12, below.

Table 12. Opinion on strength of imperative to move money in AID.
5=very strong, 3=neutral, 1=not very strong.

5	4	3	2	1	N
7	3	3	0	0	13

A long term official in Tanzania said, "Oh yes. It still dominates." A contractor recounted to me, "There was a guy when I was first starting out, he told me I was no good because I didn't know how to shake the money tree. That's what he called it. 'You've got to shake the money tree.' For AID, the first rule is CYA, cover your ass. The second is shake the money tree. There are no brownie points for doing good. Play it safe and spend as much money as possible all the time."

A direct hire told me, "I can't see where you're going with this. You need to look at career incentives, at how mission directors get their signals. You know, we don't get bonuses. You need to see what signals they're getting in terms of onward assignments. Then you need to find out if they pass these same signals on to their subordinates."

Another said, "There's very strong pressure to obligate early in the fiscal year. There're jobs on the line on this. Last year 80 percent of our budget was obligated in the final quarter. They don't like that. But the pressure to move money isn't as bad as it was in past years."

A contractor bristled. "I resent that phraseology. We move the money if there's an investment to be made. I see it as being done well, being used to good effect. It stimulates project officers. We're not just loading money into airplanes. If you see population increases are a need, is putting money there to lower them 'moving money?' If it is, then it's not pejorative. We work hard to achieve development."

A direct hire thought the blame for the problem lay with the system. "It's because of the Congressional earmarks. I'm 100 percent against spending money just to spend money, but there's little we can

do. When you're dealing with the federal beast, the system pressures you to do it."

A senior official in the Africa Bureau shook his head ruefully. "Big problem. I hate to say this, but it's a big institutional problem. Moving money is how you justify your program. If you don't spend it, Congress will say, look, you didn't spend this money, so you don't need it, and they'll take it away from you next year."

A political appointee thought the problem lay with the old guard. "Certain people in this agency believe, some of the ones who've been here a long time, that there's a corporate culture here that believes the worth of something is measured by the amount of money that goes into it. The best use of funding is to get the money out as quickly as you can. But this is changing. And we're not as bad as the World Bank. We don't just write checks and hand them over; we engage in activities. On the one hand we're trying to make the best use of the limited amount of money we have. On the other hand, if the money's not obligated, Congress looks at the pipeline and says, if you're not spending this money, how are you making a difference?"

A contractor saw no change. "AID's focus for years has been on moving the money. I've never seen it any different. A lot of this was because programs were judged by bean counters who were not interested in results. If money has been moved, ergo, there has been an effect. When money has not been moved, that means you aren't having an effect, and people got upset. It's use it or lose it. Not using money means there are major screw ups in the mission."

AID and the Principal-Agent Problem

Adverse Selection

The problem of adverse selection, as I have shown, occurs in hiring situations. In the first key question I used in probing for the presence of adverse selection in AID, I asked respondents whether or not they thought AID's job market was oligopsonistic. (I did not use the term "oligopsony" in the question, but asked people whether or not they thought the job market for AID was competitive, meaning that AID got a large number of applicants for each job). The results are displayed in Table 13. The near unanimity of opinion is striking. One senior official recalled that in 1979 there had been 5,000 applications for 200 openings. By contrast, in 1993 there had been about 15,000 applications for 50 direct hire positions.

Table 13. Opinion on job competitiveness in AID. N=22

Competitive	Not competitive	Don't Know
18	1	4

No one, including consultants who work for the agency, appears to be driven by narrow self interest. Respondents were asked to rate on a scale of one to five the importance to them of three possible reasons for seeking employment with AID. Table 14 below shows the results.

The attraction of salary and benefits was neutral, and job security was unimportant. Nearly four out of five rated working in international development as personally important to them. This indicates that the quest for material reward is not a significant motivation for AID personnel, whether direct hire or consultants. They are drawn to international development, and thus are self-selecting.

Table 14. Reasons for seeking employment with AID.

	Very Important	Important	Neut.	Not Very Important	Not important	N	Avg
Dev Import	9	8	3	1	1	22	4.1
Sal & Benefit	2	4	10	4	2	22	3.0
Job Secur.	1	3	3	3	10	20	1.9

Moral Hazard

I probed the extent of moral hazard in the agency by asking people whether they ever knowingly disobeyed directives. A contractor who admitted he had said, "I think everybody has done it at least once. For some it's their crowning glory. But they won't tell an outsider like you." Fortunately, he was wrong. Everyone asked, answered. Of sixteen persons asked, "Have you ever for whatever reason done something you knew your superiors would disapprove of?" seventeen said yes. By a two-to-one majority, AID personnel knowingly disobey directives. If taken at face value, this result would indicate evidence of moral hazard. However, the comments and details the people who answered in the affirmative provided me indicate it is something else. A direct hire anthropologist said it most succinctly. "There are lots of times when to do a good job you have to do something your superiors wouldn't approve of." Rule-breaking seems to be done in order to further the goals of AID.

A Contractor said

It's usually project personnel who are doing this, usually to further project goals with the knowledge and tacit approval of people in the mission. Every project is different, has a different level of authority. It changes by project, by how people interpret project authorization. Strictly speaking, yes, missions do unauthorized things, and then salt the files after the fact with the proper documents and memos that they never wrote. One time on a project, the chief of party told me he needed a tractor. I told a key person in the region and one in the capital, and they said to go ahead and buy it, so I did, and then I salted the files later. When one person in the capital heard about this, she said, "Oh my God, we could all go to jail!" Long after the fact people came out from the capital and saw what the chief of party was doing with the tractor--he'd increased the acreage that had been planted tremendously--and they all

congratulated themselves on their foresight. Some people knew
what I was doing, and they were salting the files just like I was
to cover for it. Others didn't. I can't think of anytime I've
done something I didn't previously discuss with people either in
the region or the capital. As long as project goals are ever in
mind and you've got one or two key people who know what you're
doing, you're okay. If you do it and you don't have that support,
or if you have enemies, and they find out, that would be all it
would take. That would be evidence to fire you. Worse than
losing your job, you could be black-balled out of the industry.
But I've always had good luck with my superiors. On every job I've
had there has always been at least one or two reasonable people
sincerely interested in achieving project goals.

A senior economist in Washington said, "I bend rules all the time. But
there are differences among the different levels of supervisors--the
closest to me are very _sympatico_. I've been in disagreement with the
leadership. Sometimes I ignore things that are clearly not worth
carrying out."

A contractor who worked for an NGO on an AID-funded project said,
"I do it all the time. Again, this is within the NGO I work for. If I
didn't, I wouldn't be half as effective. In our project, we have three
bases. The other two bases have project accountants. I put in a
request to promote the African who was handling my books and the daily
correspondence to accountant so he could get the same pay as the guys
who were doing the same job at the other bases. The project director
told me that I couldn't have an accountant; I had to have an office
manager, who was supposed to do the same work as the other two, but for
about 20 percent less pay. I just went ahead and paid my man the same
amount and fiddled with the books to hide it."

One direct hire of nearly twenty-five years experience said,
"People bend rules all the time, but not necessarily to be effective.
But it's not for reasons of graft or corruption either, at least not the
direct hires."

An economist agreed that rule-bending was not done for personal
gain in AID. "In terms of people stealing pencils from office supplies,
that's not a problem. If you join AID to get post differential, okay,

you're going to get an extra 25 percent, but where are you going to be? You're going to be in Somalia, Sudan, Mauritania, Zaire. Places where you're going to learn, like I did, that a grenade launcher sounds different than a rifle. I didn't want to learn that. You're going to put your family in a dangerous place to get that money. There are costs you pay to get that 25 percent. And you can't get it any other way. You can't get an extra day's per diem because you've got to present your plane ticket stubs which show where you were and for how long, and you've got to show receipts."

Rule-bending is not limited to Americans. A Tanzanian told the following story. "There was once a problem with outstanding cash for collection in the import support program. It was mostly Indians. They didn't want me to do any arm-twisting, but I did it anyway. It was a gamble. If I'd done the arm-twisting and didn't get the money, I would have been fired. Because I got the money, I received a commendation!"

A high ranking direct hire who had served in numerous African countries said, "It happened every day in Somalia. But it depends on the mission and how politically sensitive the country is. If the NSC and the military and the CIA are all involved, you just forget about development." In other words, when a Mission is under a lot of high level scrutiny, people go by the book. In the view of this respondent, rule-breaking, far from being a detriment, was <u>necessary</u> for development.

My least cooperative respondent said, "Where doesn't it happen? Employees and supervisors never see completely eye to eye. I don't like what you're implying with this question, that this is a problem. It's impossible for all people to agree on all things. Conflicting opinions enrich an organization. They're a source of growth, of synergy, of innovation." In other words, as a general rule, principled disobedience is good for organizations.

The highest ranking official I interviewed, a political appointee, speaking in regards to whether AID ever does things it knows Congress would not approve of, said, "We're not completely candid with them. If they ask the right question, they get the right answer. We don't rush out with every little detail. They don't want to know every little thing. It's the nature of bureaucracy to put the best spin on what you're doing." Dissembling behavior is useful for protecting AID from political pressure, a positive goal.

Of those who answered in the negative, several offered interesting views. A senior official in REDSO told me rule-bending was impossible under AID monitoring systems. "Any time you do something under a system with checks and balances, it will be seen. We have auditors and inspectors in the regional office of the Inspector General who do this as a full time job. Occasionally people go beyond the system, but it's always found out by the auditors and inspectors. Within AID, we're criticized for the levels of clearance we have to go through. The clearance procedures often cause delays. It's difficult to move on something, to be effective. The common sense element often gets lost because of the paperwork. Mr. Atwood came in and said he wanted to have more risk-taking."

A high ranking official in the Africa Bureau agreed with this assessment. "This is because we are a bureaucracy; all decisions are based on criteria. I was just on the phone long distance with someone from one of our missions. He knows a young man from the country whose sister was assassinated by the government. The young man's life may be in danger. The man I was speaking with can recommend him for a visa for studying in the U.S., but that would be a violation of the selection procedure, and so if he did it, he would get in trouble. The young man might be the best qualified person, but the selection procedure wouldn't have been followed. People who do these things get into trouble."

Perhaps not. The picture that emerges is that AID personnel do, as principal-agent theory predicts, use information asymmetry to bend rules. What the theory does not predict in this instance is _why_ they bend the rules. It is not done to put money in their pockets. It is done to further the interest of the agency. My findings are in support of the second hypothesis and against the first. AID is not the out-of-control agency characterized by principal-agent problems that its many critics suggest.

Strong Culture Organizations

The studies of the Bureau of Prisons (BOP), the Forest Service, the FBI and the Government Accounting Organization (GAO) by, respectively, John DiIuilio, Herbert Kaufman, James Wilson and Wallace Walker have indicated that each of these is a strong culture of principled agents. All four scholars have identified some (or all) of the following characteristics in each of the agencies they have examined. I shall begin the following discussion with those characteristics which AID does not share, and end with those characteristics which it does.

Characteristics of Strong Cultures Which AID Does Not Possess

The four scholars all reflect upon the importance of an agency's public reputation. This is especially true of the FBI and the GAO, which both strive to be above any hint of corruption in their respective roles of fighting crime and rooting out corruption. Fairly or unfairly, AID clearly does not enjoy a reputation above suspicion. Good communications is another factor the scholars point to for a strong culture organization. Here too AID is lacking. Stifled by the State Department career incentives systems which encourages caution and conformity, AID's officials fear simple, straightforward language. "We

can't just sit down and write a memo," complained one. "We have to agonize over it and regurgitate it and massage it."

A third factor is consistency in rule application. Here AID suffers from its gigantic and unwieldy "handbook." Said one contractor, "Direct hires spend a lot of time studying the hand book. There's so much in there you can find chapter and verse to justify anything." A fourth element of strong cultures of principled agents is widespread belief in policy. Here again AID is lacking. Many of the informants were confused by my lines of questioning regarding where in the organization policy originates. Many weren't sure what was meant by the term. Others said there were different policies for different levels of the organization. The fifth factor is what Kaufman called the manipulation of preferences by the organization, something like (but not as drastic as) brainwashing or molding people into "company men." Here AID does not measure up. Probably it could not if it tried. The people drawn to international development work, more and more of whom are ex-Peace Corps volunteers, are self-reliant individualists who are not predisposed to conformity. Finally, strong culture organizations are able to exploit fortuitous factors. Swift action is something AID is not good at. "Barnacled over" as one informant described the agency with a thirty five-year accretion of mandates, AID is anything but nimble-footed. It is unable to move quickly to exploit anything, as its slow-paced adoption of democratization programs reveals.

Characteristics of Strong Cultures Which AID Does Possess

The most important characteristic of a strong culture agency is a sense of mission. This is an asset AID enjoys. Said one informant, "I think it's significant that we call our country offices 'missions.' We have a clear sense of what we're trying to do." A second factor is the ability of an organization to convey distinctive competence. Here AID

succeeds. The number and size of its missions around the world give AID a very strong sense of what is happening on the ground compared to the World Bank, for example. AID considers itself to be uniquely competent in international development; in my view rightfully so.

DiIuilio and Walker point out the importance of history and symbols to an organization. Walker argues that the GAO's knowledge of its own past guides its trajectory into the future. DiIuilio mentions the importance of its symbol to BOP morale, and the dissatisfaction its personnel expressed when it was changed. While AID may have a less strong sense of its history than the GAO, its personnel certainly seem attached to its symbol. The decision by the administrator Ronald Roskens to replace the militaristic emblem with an insignia more resembling Peace Corps' met with widespread dissatisfaction according to a very senior direct hire. The only people who seemed to support the change were junior contractors, who disliked the military overtones of the original. The symbol was changed back to a handshake on a red, white and blue military shield in 1995. The only difference was the original four stars in the blue field representing Truman's Point Four declaration were replaced with the five letters "USAID."

A collegial atmosphere is important to successful organizations. Here AID seems to do well. People within missions overseas, and within divisions in Washington, seem to agree that collegiality is high. The sense of amicability seems not to cross organizational boundaries, however. Camaraderie between divisions, headquarters and the field is more problematic.

Pride in belonging is another factor the scholars agree is important for a strong culture. Having expected from the press it receives and my own experience that I would find AID workers to be cynical and burned out, I was surprised to discover that they had pride in belonging to the agency. People used the first person plural when

discussing AID, talking in terms of "we" and "us." The only exception was the longer term contractors. They used the third person plural, "they" and "them," objectifying AID direct hires. Perhaps this was their way of handling the frustration they get from their encounters with AID's often irrational ways of doing things.

Strong leadership is another attribute the scholars point to as crucial for an agency's success. Two of AID's three most recent administrators were singled out as strong leaders. Reagan's appointee, M. Peter McPherson was credited with successfully reorienting the agency in a trying time. Clinton's appointee J. Brian Atwood was credited with "saving the agency," although some resented the impression he conveyed that the cost of the salvage operation was early retirement for many of the old guard. Others believed he was more effective in defending the agency from external enemies than in his ambitious internal reforms. There was general agreement, in the words of a very junior contractor, that "personalities matter." A difference in mission directors often spells the difference between an energized group of motivated people and a sullen mass of disheartened time-servers.

One characteristic DiIuilio pointed to which is especially important to AID is the ability to achieve goals not in the book but within operational norms. This need is familiar to anyone who has worked in a large organization, and is more commonly expressed as the ability of personnel to "use your head" and "think on your feet." My point that rule-bending to achieve mission goals should not be considered morally hazardous behavior is consistent with this characteristic, which I believe AID enjoys.

All four scholars agree that socialization of new members into the cultural ethos is important to a strong organization. AID succeeds in doing this, although the results are perhaps at times ambiguous. "We'll take a person with a Ph.D. in anthropology," said one informant, "and

turn him into a paper pusher." The most senior direct hires all seemed to share a high degree of caution and aversion to risk. On the positive side, AID employees are socialized to have a strong sense of duty and public spiritedness, and to be people motivated by moral (not material) reward.

Kaufman discusses the importance of systems for overcoming what he terms "centrifugal effects," or the passage of far-flung bureaucrats in the Forest Service out of central control. Three of these which AID possesses are: hierarchical specialization, or the division of labor within the organization by function and/or geographic region; the multiplication of controls, such as reporting requirements, random inspections and audits, and standard operating procedures; and the neutralization of localism, known in the British colonial service as "going native," or switching primary identification from the interests of the organization to the interests of the local people. This is overcome, in AID as in the Forest Service, by frequent rotation of personnel. All of these methods for achieving unified control are employed by AID. It thus belongs in the class of organizations studied by Kaufman, Wilson, Walker and DiIuilio. AID is that comparatively rare beast, a strong culture of principled agents.

CHAPTER 10
CONCLUSION

The Role of Conflict in AID Policy Change

I have argued that AID's policies are made in what can be conceived of as two separate rooms, with the weightier policies involving the decision to give aid and the amounts to be given made in a "back room" where conservative realism predominates, where protecting U.S. national interests is the paramount concern, and the agenda is more or less hidden from view; and a "front room" open to the public where liberal altruists manage affairs, concerns for humanitarian philanthropy dominate, and the agenda is propagated for public consumption. I have further argued that changes over time have been the product of conflict at a number of levels, both internal and external to the agency. There have been numerous conflicts about the agency between the Congress and the President since the mid 1960s. The current conflict between the branches of government over the future of AID is perhaps the most significant. There have been conflicts between the agency and the legislature over reform of AID's enabling legislation and its level of funding. There have been conflicts between the agency and the executive, for example between the foreign policy establishment and the Kennedy administration over the issue of using foreign aid to support democracy.

There have been conflicts within the agency between headquarters and the field. A drawn battle over a trivial issue that had significant consequences in the case of the mission in Tanzania was the dispute over where to hold a strategy review session following the 1976 elections.

Another protracted controversy between headquarters and the field occurred over the problem the Tanzania mission had in developing the new style impact indicators during the late 1980s.

There were conflicts within the Mission. The most serious of these occurred in the latter half of the 1970s over the issue of whether, how, and at what level to support Ujamaa. Here the dividing line was clearly ideological, with growth-oriented conservative realists opposing Ujamaa and liberal altruists who favored equity issues supporting it, and thus ironically transforming themselves into the last ditch defenders of the "Big Lie" in Tanzania.

There were numerous diplomatic conflicts between Tanzania and the United States. The first of these occurred in 1964 following the unification of Zanzibar and Tanganyika. Perhaps the most dramatic was the diplomatic flap over the dance of Salim following the vote in the U.N. to expel Taiwan. Other conflicts occurred over Tanzania's fight with the IMF and its ambivalent position during Desert Storm. All of these negatively influenced the level of American aid to Tanzania.

Finally it may be said that there are conflicts within individual AID workers. From the interviews it appears to me that AID personnel experience a certain degree of cognitive dissonance between the necessity of (and the career rewards that follow from) going by the book, and their personal desire to be effective in helping do some good in the world. The laborious and voluminous paperwork requirements of AID procedures often conflict with the imperatives of getting the job done right. AID personnel seem to be divided into two camps, those who adhere to the cautious strategy of following regulations and regret the cost in effectiveness this incurs, and those who cut corners to achieve the objectives at the risk of suffering punishment if found out. The compromise seemingly struck at the top levels is to pronounce official discouragement and disavowal of rule-bending behavior in the field,

while communicating subtextual approval. This provides the leadership with deniability. Meanwhile AID's top officials engage in dissembling behavior toward Congress, telling the legislature what they want it to hear and putting the best spin on things.

Intellectual Influences

In addition to the role that conflict has played in hammering out AID policy, there have been different and changing intellectual influences on the agency from two academic disciplines over time. Economics gave AID strategies of state-led growth, which were followed by strategies for equitable growth, which in turn were succeeded by strategies for private sector-led growth. Political science gave AID both theories of political development and theories of development administration. The first political development theories were in effect a "mass of propositions." Their inadequacy, and the sullying of political development programs in the debacle of Vietnam, caused political science to be removed from the agenda until the economists turned their attention to political issues in the early 1980s. Political development came back, first with theories of governance, and then practice got out around in front of theory once again in the new demand for democratization. Development administration was less controversial than political development. It gave AID hard structuralist recommendations at first, then followed these with concern for contextualism, and at last produced a synthesis which I have called organicism.

Donors have tried many different tactical approaches to inducing accelerated development. I have considered four: institution building, integrated rural development, the learning process approach, and using indigenous knowledge. Each was tried in Tanzania. Each was first done in the Etawah project in India in the late 1940s and early 1950s.

An unusual aspect of international development is the fact that practice has usually preceded theory. It is remarkable that, much like the people who sweep up after the parade, academics have generally followed behind the practitioners in producing scholarly expressions for what was already being done.

Political Influences

A third area of influence on AID policy is the American federal government. This system of divided governance gives both the Congress and the President a strong influence over AID. Different congresses and different presidents have had different attitudes toward foreign aid, ranging from the realist view of aid as bribery to the altruist view of aid as philanthropy. AID must respond to both.

The foreign policy agenda is largely under the control of conservative realists for whom defense of the national interest is always the paramount issue. Conservative concerns dominate the key decisions regarding funding. Thus of the five biggest budget cuts made in foreign aid to Tanzania, 1966-67, 1972, 1976-77, 1982-86, and 1991, all but the first were made in retaliation for Tanzanian opposition to U.S. foreign policy. Of the six biggest budget increases, 1970, 1973, 1975, 1978, 1986, and 1992, all but the 1975 humanitarian loan were made to reward Tanzania for supporting U.S. interests.

This is not to say that the liberals had no leverage at all. Their zenith came under the Carter administration in the period of reaching the poor majority when integrated rural development was in its heyday. In the case of Tanzania, the acme of liberal altruism was undermined by a strong conservative backlash against the radicalization of Ujamaa. For the most part, the sphere of influence of liberals is confined to implementation, the design and execution of discrete projects and programs. In foreign policy circles, liberals are very

much second class citizens. Thus the behavior of AID in Tanzania, as measured by new spending obligations per year, has been a complex interaction between competing propensities of realism and altruism. I have described the net effect as a synthesis of two antithetical but unequal propensities, which I have called pragmatic altruism.

I have described AID as existing in two distinct spheres, or environments, with the agency itself comprising a third. AID functions in a political environment in Washington and a task environment overseas. I have shown how the great distance between its input and output functions causes it complications. The agency is required to adopt a Janus-faced posture, remaining ever alert to changing moods in Washington while attempting to induce accelerated development in the Third World. This has resulted in a substantial degree of bureaucratic dysfunction.

AID since its inception has undergone eight major changes in policy. Of these, two were paradigm shifts. These separate the history of AID into three distinct periods, 1961-1973, 1974-1980, and 1981-1995. I have argued that for a policy change to represent a paradigm shift, two factors must be present: there must be very high political pressure from Washington and very low confidence in ongoing programs in the field. These two factors were present in 1973 with the New Directions and again in 1981 when the Reagan Doctrine was pronounced. The other eight policy changes were not of the same magnitude because one or both of these factors was absent. Stated somewhat differently, change is simply failed reproduction of the status quo (Thompson et al. 1990: 22). When reproduction of a policy fails to occur but one or both of the conditions necessary for a paradigm shift are not present, policies change but the dominant paradigm is extended further into time.

I have shown that AID's task environment is characterized by an unusually high degree of uncertainty. Furthermore, AID's political

environment is likewise a highly uncertain place because AID is an
exceptionally unpopular agency.

For years AID has been accused by its enemies on both the left and
the right of being an internally dysfunctional rogue organization in
which corruption runs rampant. I take issue with that view. My field
data suggest that it is not a corrupt and out-of-control agency; it is
that very rare thing: a government bureaucracy with a strong culture of
principled agents. I accept that AID is a far cry from a paragon of
rational action. The data show this is due to excessive meddling.

Anyone who worries about state abuses of domestic civil rights and
recalls how U.S. power was used in ways that injured millions of
innocent people in the proxy battlefields of the Cold War will recognize
the danger in my position. Given the excrescent abuses of power carried
out by the FBI under Hoover, which I have argued is another strong
culture organization of principled agents, to contend that the ends
always justify the means puts me out on a very shaky limb. Thus I must
attach a caveat to my conclusion. Rule-bending can be acceptable only
if done selflessly to accomplish agreed upon goals; no one who bends
rules may personally profit, and no third parties may be injured as a
consequence.

If this premise can be conceded, then my conclusion that AID does
not suffer from the principal-agent problem can stand. The agency seems
to have acquired the best trade off possible between the equally
desirable but often mutually exclusive goals of effectiveness and
accountability. Creative rule-bending to achieve legitimate program
goals and to enrich organizational synergy is officially disallowed. It
is not encouraged by the agency, but people at the highest levels know
it is happening and in fact engage in the same sort of dissembling
behavior toward Congress for the same reason. Thus in practice rule-

bending is permitted to occur with the understanding that anyone who gets caught will personally suffer all the consequences alone.

I have found three reasons why AID does not suffer from excessive principal-agent problems. First, AID is part of an oligopsony. This puts it in the enviable position of enjoying advantageous selection rather than suffering from adverse selection. Second, people who work in international development are self-selecting. Making a lot of money is not important to them, but doing some good in the world is. Thus, they self-select. They are predisposed to be the sort of people who, when they bend rules, do not engage in the sort of morally hazardous behavior the principal-agent model predicts. They do not break rules for personal gain, but rather do it to get the job done. Thirdly, AID is strongly controlled. The monitoring systems Congress has put in place over the years work effectively in preventing gross corruption and in holding officials accountable.

Yet because AID is a strong culture of principled agents, such heavy monitoring is a waste of resources. So why is AID micromanaged? The answer is its political unpopularity. Politicians win points with their constituents back home by putting pressure on unpopular agencies, even if no pressure is needed to make the agencies obey. The case of AID instructs us that the American system of government will serve to defeat common sense and waste resources by micromanaging and overmonitoring strong cultures of principled agents that do not need it if they are politically unpopular and convert what could otherwise be model agencies into models of organizational dysfunction.

The Structuration of AID in Nested Games

Little of the epistemological debate in the social sciences is occupied with trying to harmonize or integrate the antinomies of macro and micro, aggregate and individual, and structure and agency. Most

social scientists pick one and turn their back on the other. Those who attempt to move back and forth between these poles are accused of committing the ecological fallacy of using data from one level of analysis to refer to another.

I have argued against the conventional wisdom and committed the ecological fallacy on the grounds that agencies are best conceived of as being structurated through nested games. Structuration describes the ongoing transformation of structures through action and the constraint on action by structures. Nested games describes a landscape in which each individual is engaged in a number of activities at once, and may be willing to engage in seemingly irrational actions in one game if that means scoring points in another more important game. I have described AID's behavior as the result of a dialectic between competing ideologies and interactions among a variety of actors contesting with each other in different arenas in the political environment, within AID itself, and within the international development task environment. When relationships among players are antagonistic, principal-agent problems will abound. However it might occur, whether through gradual, evolutionary processes or because of planning by resolute leadership, whenever these relationships become cooperative and players begin to engage in assurance games, the result will be a strong culture of self-disciplined principled agents.

Why AID Will Survive

Today AID is poised on a knife edge from which it inevitably must fall. If it falls one way, it will cease to exist. If it falls the other way it will survive and undergo a paradigm shift.

I believe AID will survive for four reasons. First, instances of federal agencies being abolished are quite rare. Second, the strength of AID's opponents has passed its high-water mark; the movement to

abolish AID has run out of momentum. Third, AID's new coterie of supporters, the "do-gooder" lobby of faith-based relief and development organizations and the secular NGOs which are proponents of assisting democratization have sufficient numbers of supporters that they will prove as effective as the consortium of land-grant universities that previously was AID's strongest shield. Fourth, political leadership will emerge with the determination and the capacity to show the American people that it is in the interest of the nation to help democracy survive where it is now putting down its first fragile roots, that helping it thrive where it has recently taken hold will require a continuation of a foreign aid program. For these four reasons I believe AID will survive the latest and most serious threat to its existence.

Political pressure is currently strong and growing as the 1996 election campaign heats up. Confidence in the field is at the same time extremely low. Most AID personnel are simultaneously struggling to understand unfamiliar political variables while trying to implement the changes stemming from AID's reengineering. Thus if AID does survive, as I expect it will, a third paradigm shift is imminent.

I expect the next paradigm shift will bring in a new dominant strategy of extending democratic governance into the areas of the world where the United States once played a large role in confronting Communism. While I do not believe as some (Pye 1990) that this represents the vindication of modernization theory, I do think this places the United States in the position of being able to help previously marginalized people empower themselves to take greater control over their lives. In stark contrast to the many instances and places in the past when the United States was shackled to its own Cold War dogma and acted against the interests of ordinary people, today it has the opportunity finally to live up to its own ideals. In the past short-sighted U.S. policies undercut America's own founding principles.

It would be truly tragic today if short-sighted politicians did not see the clear gain to be had by taking AID off the knife's edge of the issue of its survival and transforming it from an instrument of U.S. ideology into the cutting edge of American idealism. If AID were finally allowed to realize its original purpose of helping extend America's core values to people in the developing areas, this would reenergize the American people who currently seem quite uncertain about their role in the world, and take good advantage of a solid cadre of personnel, a strong culture of principled agents.

APPENDIX A
ANONYMOUS MEMORANDUM[1]

1. AID culture places highest value on money and GHAI does not hold out
   the prospect for more money.

2. AID culture values long term development, and GHAI requires
   integration with short and medium term actions.

3. AID culture assumes stability in which long-term development can take
   place, and the Greater Horn requires working in an unstable
   environment.

4. AID culture dictates the form and format of its development
   assistance and is uncomfortable being integrated with other donors
   processes and documentation as envisioned by GHAI.

5. AID culture places high value on economic development, as is
   uncomfortable integrating with political, social and intelligence
   activities foreseen by GHAI.

6. AID culture contract-out most implementation and GHAI calls for
   extensive direct hire management and policy time.

7. AID culture values long term development scientists and has created a
   distance from short term relief workers - a gap in mutual team
   acceptance which hinders the transition from relief to development.

8. AID culture responds vertically to bureau, hierarchy, and has
   difficulty organizing permanently horizontally across bureaus as the
   complex context of GHAI requires.

9. There have been so many Initiatives, so fast that the corporate
   culture is skeptical that GHAI is any more than the fact-of-the -
   month, and will go away if ignored.

10. AID systems are based on large field Missions and GHAI recognizes
    this is not the presence in 5 of 10 GHA countries.

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[1]   This anonymous memorandum was circulating in the AID Washington
offices in March 1995. A copy was given to me by a person interviewed
for this study. The acronym GHAI stands for Greater Horn of Africa
Initiative, a regional program being set up by AID at that time.

Excuse me friends, I must catch my jet.
I'm off to join the Development Set.
My bags are packed, I have my shots,
Travellers' checks and pills for the trots.

With passport, visas and advanced degrees,
I'll get those people off their knees.
I know the models, acronyms, the average yield:
Now all it will take is time in the field.

"Banana Republic"'s where I bought my clothes;
Got to make sure the image shows.
These days we do without the aides and lackeys,
As long as we're decked in the right cut of khakis.

Development people are bright and noble;
Our thoughts are deep, are vision noble.
We circulate only with the better classes,
Even though our thoughts are always with the masses.

In Sheraton Inns in scattered nations
We damn those multinational-corporations.
Injustice seems easy to protest
In such seething hotbeds of social rest.

Political systems are out of bounds;
My professor said: "Keep your eyes on the ground.
'Oppression,' 'exploitation' are words not uttered.
You've got to remember where your bread is buttered!"

We talk malnutrition over steak
And plan hunger studies on coffee break.
Whether Asian flood or African drought,
We face any challenge with an open mouth.

We bring in consultants whose circumlocution
Creates a problem for every solution;
Thus making sure we keep on eating
By showing the need for another lunch meeting.

The language of the Development Set
Stretches the English alphabet;
There are obfuscations like "epigenetic,"
"Micro," "macro" and "logarithmetric."
It pleases us to be so esoteric;
Intellectually it's atmospheric.
The peasants can't understand our babble,
But we're "state-of-the-art" when it comes to Scrabble.

In the rural zone there was basic subsistence,
Adoption strategies, and technical assistance.
Then with "integrated" and "participation,"
We thought there'd be enough to feed the whole nation.

When all those catchwords didn't work out
Our proposals began to lose their clout.
Grantsmanship is war, yes siree!
Our wordsmiths came up with "FSR-Eese".

When the talk gets deep and you're feeling dumb
You can keep your shame to a minimum.
To show that you, too, are intelligent
Smugly ask, "Is this development?"

Or say, "That's fine in practice, but
don't you see;
It doesn't fit with the thee-o-ree."
To the man on the street
incomprehensible,
In development-speak that's sensible.

Development homes are very chic,
Full of carvings, curios, and draped
Batik.
Eye-level photographs subtly assure
Your host is at home with the great and
the poor.

There's a Volvo in the driveway and art
on the wall
But don't ever ask who pays for it all.
If Congress gets wise to the
development racket
We'll need to declare in a lower tax
bracket.

Liberals wring their hands at
Communists.
The red necks think bullets work best.
We keep telling them development's the
answer,
To best confront the Marxist cancer.

If you get depressed thinking all is
lost,
Thank your stars for "overhead costs."
It builds our buildings and pays our
wages,
And helps us publish those reams of
pages.

The starving masses are kept at bay.
You and I will die and rot some day.
For now keep in mind as you sip your
beer
Most of that foreign aid ends up here.

Enough of these verses--on with the
mission!
Our task is as broad as the human
condition.
Just pray that the biblical verse is
true:
"The poor ye shall always have with
you."

APPENDIX C
TIMELINE

1961 FAA
Tanganyikan Independence

Arusha Declaration

Decentraliz'n

• Villagization
• New Directions

Reagan Doctrine

Nyerere steps down

Multiparty Elections

• Zanzibar Independence
• Revolution
• Tang. Army Mutiny
• Mann Doct.
• Union
• Dragon Rouge

Dance of Salim

TAZARA

Famine

War with Uganda

IMF dispute

Brooke Amendment

Gulf War

1961   1965   1970   1975   1980   1985   1990   1995

• 1966 FAA
• Korry Report

Tar Baby

Carter Doctrine

DFA

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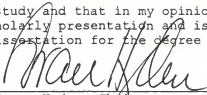
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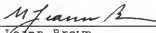
BIOGRAPHICAL SKETCH

Stephen L. Snook received his Bachelors of Arts degree from the University of Minnesota. His formal education was greatly enhanced by his service as a Peace Corps volunteer and his subsequent work on two different AID-funded projects in Africa.
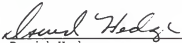
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Goran Hyden, Chairman
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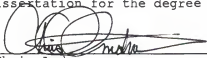Assistant Professor of Political Science

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